FBIS DAILY REPORT

CONTENTS

Latin America

Vol VI No 1 *3 January 1978*

ARGENTINA

Diaz Bessone's Resignation Made Official	B	1	1/A6
Left-Right Split Indicated	B	1	1/A6
Massera Says Reorganization Will Take Time	B	2	1/A7
Spokesman Defends Moderation in Beagle Talks	B	2	1/A7
Officials Still Reticent on Missing French Nuns	B	2	1/A7
YPF's Ondart Discusses Exploration Efforts	B	3	1/ A8

BOLIVIA

Banzer Speech Sums Up 1977 Achievements	C	1	1/A9

BRAZIL

Burns' Departure From Federal Reserve Board Called Good for Brazil [JORNAL DO BRASIL 30 Dec]	D	1	1/B1
INTERBRAS Denies Coffee Price Manipulation Report	D	1	1/B1
Figueiredo-Chaves ARENA Ticket Felt Certain	D	2	1/B2
Sweden's King Gustav, Queen Silvia Begin Visit	D	3	1/B3
PETROBRAS To Up Investment 50 Percent in 1978	D	3	1/B3
Risk Contracts To Resume in Mid-1978	D	3	1/B3
Briefs: Steel Production Increased; Steel Self-Sufficiency; Nuclear Energy Personnel	D	3	1/B3

CHILE

Impending National Consultation Stirs Controversy, Confusion	E	1	1/B4
Comptroller General Approves Election Decree	E	1	1/B4
Pinochet Denies Claims of Illegal Action	E	1	1/B4
Pinochet Visits Arica, Rejects Foreign Intervention	E	2	1/B5
Pinochet Calls On People to Defend Nation's Dignity	E	2	1/B5
Former President Frei Opposes Consultation	E	3	1/B3
Radical Party Leaders Urge 'No' Vote	E	4	1/B7
Church Calls For Suspending Consultation	E	5	1/B8
Leigh, Merion Said to Oppose Consultation	E	6	1/B9
Leigh Letter Opposing Consultation Labled False	E	7	1/B10

COLOMBIA

ANIF President Criticizes U.S. Trade Law, Human Rights Policy	F	1	1/B11
Lopez Michelsen Discusses Violence, Elections in End-of-Year Speech	F	1	1/B11
Yearend Messages Stir Up Liberal Party Conflict	F	3	1/B13
Cabinet Outlines Plans for Remaining Term of Office	F	4	1/B14

PERU

President Comments on Constituent Assembly at Press Conference J 1 1/C2
1978 Budget Set at $2.2 Billion J 2 1/C3
New Ministers Sworn in as Members of Cabinet J 2 1/C3

URUGUAY

Mendez Speaks to Nation, Attacks 'Forces of Violence' K 1 1/C4
Government Communique Reports 1977 Gains K 2 1/C5
Army, Air Force Chiefs To Step Down in 1978 K 2 1/C5

VENEZUELA

Government Publishes Oil Production Figures L 1 1/C7
Naturalized Cuban's Citizenship Revoked L 1 1/C7
Guerrilla Leader Killed After Robbing Bank L 2 1/C8
Public Debt Increases 54.5 Percent During 1977 L 2 1/C8

PANAMA

Torrijos Reports on Meeting With Dole, Laxalt N 1 1/C9
President Lakas Issues Yearend Message N 2 1/C10
[LA ESTRELLA DE PANAMA 1 Jan]
Former Foreign Minister Aquilino Boyd Urges Amnesty N 3 1/C11
Comptroller Reports on 1977 Budget Balance N 4 1/C12
Ministry Lifts Suspension of Coffee Exports N 4 1/C12
Details Given on Fortuna Hydroelectric Project N 5 1/C13
Panamenistas Ask for Support for 8 January Convention N 5 1/C13
[CRITICA 30 Dec]

CENTRAL AMERICA

GUATEMALA

Security Forces On Alert for German Terrorist P 1 1/C14
Chester Lecayo Gives Press Conference in Guatemala P 1 1/C14
Former Foreign Minister Kidnaped P 1 1/C14

EL SALVADOR

Authorities Alerted on German Terrorists P 2 1/D1
FARN Claims Responsibility for Recent Kidnapings P 2 1/D1
Army Promotions and Retirements Reported P 2 1/D1

NICARAGUA

Salvadoran President Meets With Somoza P 3 1/D2
Somoza Invites All to Vote in February Municipal Elections P 3 1/D2

Managua Archbishop Makes 'Dramatic' New Year Sermon	P 3	1/D2
Managua District Minister Interviewed on Somoza, Sandinists	P 3	1/D2
Women Ask Somoza for Release of Relatives	P 5	1/D4
Police Stations in Managua Attacked by Guerillas	P 5	1/D4
Authorities Confirm Attacks Against Managua Police	P 5	1/D4

CUBA

Fidel Castro Inaugurates Havana-Santa Clara Railroad Line	Q 1	1/D5

JAN 3 0 1978

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CONTIN

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DIAZ BESSONE'S RESIGNATION MADE OFFICIAL

PY302118Y Buenos Aires TELAM in Spanish 2100 GMT 30 Dec 77 PY

[Text] Buenos Aires, 30 Dec--The general press office officially reported that Planning Minister Ramon Genaro Diaz Bessone has submitted his resignation today and that it was accepted by the president.

Interior Minister Albano E. Harguindeguy will temporarily be in charge of the Planning Ministry.

The official report indicates that Gen Carlos Enrique Laidlaw, current intelligence secretary, will be appointed planning minister and will assume office at the appropriate time.

Left-Right Split Indicated

PY311436Y Paris AFP in Spanish 2030 GMT 30 Dec 77 PY

[Text] Buenos Aires, 30 Dec--Observers here believe that the surprise resignation of Argentine Planning Minister Maj Gen Ramon Genaro Diaz Bessone reveals the existence of a serious crisis within the military government. Diaz Bessone, who for some years now has been the promoter of a work group made up essentially of military people who assigned themselves the task of defining the general outlines of a national plan, is considered one of the spokesmen of the nationalist right in political circles.

Diaz Bessone was named planning minister on 25 October, 1976. The ministry was created by the military government and its first objective was to draft the general working directives for the next few years.

In view of the importance of this task for Argentina's future, and because he was interim president while Gen Jorge Videla was travelling, Diaz Bessone was considered a superminister by observers. His resignation, which was submitted suddenly just before the end of the year, is regarded in specialized circles as the logical consequence of a confrontation with Economy Minister Jose Martinez de Hoz, whose liberal policy clashed with the planning minister's nationalist convictions.

The reaffirmation of the policy followed during the last 2 years, made by the man in charge of the Argentine economy (during a television speech broadcast on Wednesday), and the unconditional support given Martinez de Hoz by General Videla on Thursday when he met with U.S. reporters, presumably caused the crisis to explode. The crisis seems to be limited to the cabinet level--Diaz Bessone's replacement was reportedly known before the official announcement of his resignation--but it shows, according to observers, that there is serious disagreement on important matters within the armed forces.

The unity forged in the struggle against extreme leftist guerrillas is not standing up well--now that the guerrillas are partially defeated--to the disagreement between nationalists and liberals.

MASSERA SAYS REORGANIZATION WILL TAKE TIME

PY021355Y Buenos Aires TELAM in Spanish 1915 GMT 31 Dec 77 PY

[Excerpt] Cordoba, 1 Jan--The reorganization process is not an easy one and we are very demanding. That is why we try to correct the errors that may have been committed. We should also be wary of those who are impatient and expect spectacular results in a short time, forgetting once again that the reorganization process is seeking fundamental solutions and not easy or short-lived ones, according to Navy Commander Eduardo Emilio Massera. Admiral Massera made these statements to the LA VOZ DEL INTERIOR newspaper, which published them in its special yearend supplement yesterday.

When questioned about the boundary problems with Chile, Massera responded that the navy, army and air force have taken a clear stand on this issue and will not allow Argentine sovereignty to be affected. Neither will they act emotionally or irrationally. He said that "the Argentine Navy is closely linked to the other forces. In view of this common brotherhood, the navy assumes its share of the responsibility in carrying out its professional duties and its general responsibilities to the nation. Proof of this is the capture of ships violating Argentine jurisdictional waters, as well as our repeated and clear statements: We are peaceful, but we are not pacifists. We wish to maintain the best of relations with all nations, but without docility and without abdicating our sovereignty." With respect to the progress of the reorganization process, he said the results are positive and the fundamental goals are being achieved.

SPOKESMAN DEFENDS MODERATION IN BEAGLE TALKS

PY302342Y Buenos Aires TELAM in Spanish 1200 GMT 30 Dec 77 PY

[Text] Commenting on the negotiations with Chile on the Beagle border conflict and on persistent news reports that the military junta is considering the power scheme, a highly reliable government spokesman told TELAM that "the armed forces government has clearly set its goals and policies both in the domestic and foreign sectors." He added: "No Argentine should confuse moderation and prudence demonstrated by facts with the alleged weakness which instigators of chaos try to attribute to the military government administration."

There have been all kinds of speculations in several circles regarding the position of the armed forces in general and of the military junta in particular concerning the conflict which had appeared in view of the British decision to grant Chile the islands of Nueva, Picton and Lennox, and also concerning the power structure provided for in the institutional acts which are under study now at the highest government levels. The source added: "The opinion of those who try to hinder peace will not disturb or change the established goal.

OFFICIALS STILL RETICENT ON MISSING FRENCH NUNS

PY022042Y Paris AFP in Spanish 1803 GMT 2 Jan 78 PY

[Text] Buenos Aires, 2 Jan--The persistent lack of information about the fate of the two French nuns kidnaped in this capital early in December is worrying observers.

The observers have expressed their surprise at the apparent optimism of the officials on a future solution of the enigma. Police sources indicated today that one month after the kidnaping, it has not been possible to find any trace of the two nuns, Sister Leonie and Alicia, or of the 11 relatives of missing persons who were simultaneously kidnaped.

The absence of new elements of judgment has surprised diplomatic sources since witnesses to the kidnaping indicated the license plate number of the car in which Sister Alicia was taken. Government spokesmen, despite the lack of news, have asserted that both nuns will soon be "released."

French diplomats have not yet received any better details on a confidential basis from Argentine officials. Also, the government has not yet answered the letter sent by French President Valery Giscard d'Estaing to his Argentine counterpart Jorge Rafael Videla.

Many relatives of missing persons were seen yesterday at a mass celebrated in Buenos Aires Cathedral, including some relatives of peoples kidnaped with the French nuns.

YPF'S ONDARTS DISCUSSES EXPLORATION E RTS

PY030221Y Buenos Aires TELAM in Spanish 0030 GMT 3 Jan 78 PY

[Text] Buenos Aires, 2 Jan--Raul Ondarts, president of Government Oil Deposits [YPF], indicated that bids will be opened on 16 January for sea exploration. He reported that six sets of the tender's specifications, at a value of $50,000 each, have already been bought. He also indicated that the possibility of including tax clauses in the risk contract bids for six land areas is currently under study jointly with the Finance Secretariat.

During the course of an interview with the magazine REDACCION, Ondarts indicated that the enterprise is paying approximately $70 million per month to the national fuels fund. He made it clear that YPF's financial situation could be considered as reasonably good, and that it is not in debt to any pension fund or to any of the provinces. He asserted: "I believe that what I have just said clearly indicates the efforts we have made to make the enterprise's finances healthy.

The head of YPF also spoke about the rationalization process which has been implemented in the enterprise, reporting that currently there are 44,000 employees compared to the 51,700 in April, 1976, "which is a reasonable number." He also estimated that by the end of the current year Argentina will have produced 26.15 million cubic meters of oil. "This will be a 6-percent increase over the year which has just ended," he added. Regarding imports, he estimated that they will amount to approximately 3 million cubic meters this year. Regarding this matter, he made it clear that in proportion to consumption, this year's imports will be lower than last year's. "The proportion will decrease as we begin to become successful in the exploitation tasks which we have assumed and with the oil that could still be found," he added.

Finally, Ondarts indicated that primary exploitation reserves now amount to 200 million cubic meters and those of secondary recovery amount to 300 million cubic meters, "but here the process is much slower," he said.

BANZER SPEECH SUMS UP 1977 ACHIEVEMENTS

PY021840Y La Paz Domestic Service in Spanish 2330 GMT 31 Dec 77 PY

[Text of yearend speech addressed to the nation by Bolivian President Hugo Banzer Suarez from La Paz--live]

[Text] Bolivians:

Throughout the year which is now expiring, the revolution--at this creative stage--has made important achievements which were instrumental in strengthening the historical role of the Bolivian state. In 1977, the people--led by the armed forces government--have actively been involved in and aware of their own problems. Among the substantial changes which have taken place in recent years, the most important one, the one which defines the depth and significance of the work we are carrying out, is the new mentality with which the people face and resolve the problems of our time.

At all social levels, individuals, families and enterprises now act with greater calm. They plan their future and take the appropriate measures to avoid problems which may jeopardize their future. This is the most important result achieved by the people's collective efforts in recent years. The revolution has penetrated the people [passage indistinct].

With the participation of this new Bolivian man, the achievements of 1977 clearly reflect the fact that the productive forces have acquired a greater degree of autonomy, enabling them to overcome the influence of certain limiting factors originating both inside and outside the country. Regarding this evolution, it is proper to report to the people on the main characteristics of the country's economic development in 1977. In general, the production of goods and services increased to real, satisfactory levels in most sectors. Thus mining production increased by 12.4 percent; industry, by 9.5 percent; construction, 19.4 percent; physical infrastructural facilities, 7.9 percent, and services, 7.7 percent. These rates are higher than expected at the beginning of the year.

Nevertheless, it is proper to acknowledge that in 1977 agricultural production decreased by 3.2 percent and petroleum production by 8.3 percent, the former as a result of unfavorable weather conditions and the latter as a result of the depletion of several oil fields of the Government Oil Deposits [YPFB]. These negative factors will be overcome in 1978 through measures designed to foster agricultural production and through the exploitation of the new oil fields of Pita and Techi.

Despite negative growth rates in these two sectors and thanks to the levels achieved in the other sectors of the economy, the total GDP increased about 5 percent in real terms, which--although being lower than the percentage achieved in 1976--is satisfactory in relation to the percentages achieved by most countries in Latin America, including some developed countries.

Despite deceleration of the growth rate of total production, it is estimated that national income in real terms has increased at a higher rate than that of 1976, and that it is higher than this year's GDP because of increased tin prices. On these bases we can estimate that the growth of our national income has been higher than 6 percent, enabling us to estimate that the [annual] income per capita is equivalent to $720 at 1977 exchange rates.

Investment has reached approximately 15 billion Bolivian pesos, representing (?23) percent of the GDP. In terms of amount and percentage invested Bolivia is among those countries which are making the greatest development efforts. Very few countries are making more than 20 percent of their GDP for investment. As to the origin of these funds, it is estimated that 68 percent comes from internal savings and 32 percent from the foreign sector. Of the total amount invested, 10 billion Bolivian pesos were earmarked for public investments, and the rest, that is, nearly 5 billion Bolivian pesos were earmarked for private investments. It is very encouraging to note that the private sector had a greater participation than in previous years.

This year's investment which when added to those of 1975 and 1976 bring the total invested in projects now in the construction stage to 36 billion pesos, will have a favorable impact on the production of national good and services in the next few years. The above-mentioned investments were instrumental in allowing us to maintain a positive trend in curing unemployment. The unemployment rate was reduced from approximately 4 percent to approximately 3 percent of the labor force. The construction, industrial and service sectors have made substantial contributions in achieving this reduction. Both in a historical context and in relation to the results achieved by most countries of the international community, this unemployment rate places Bolivia within the ranks of the most advanced countries in this sector.

Regarding public finances, the central government's income increased to 7,426,000,000 Bolivian pesos, which added to the counterpart funds [fondo de contrapartida], to the balance of the previous year, and to the normal credit of the Central Bank, will allow us to close this year in financial balance.

Regarding the consolidated public sector, it is estimated that investment needs increased from 6 billion pesos--as estimated at the beginning of the year--to approximately 7.7 billion pesos. These financial requirements stemmed from the larger investments made by decentralized public institutions, which tended to increase their current expenses instead of seeking to increase their income. Pursuant to the clear instructions outlined in Presidential Directive No. 2, corrective measures are now being implemented.

The financial requirements of the consolidated public sector, which almost increased 10.5 billion Bolivian pesos, were reduced to 7.7 billion pesos as a result of an evaluation made at the end of the first half of the year pursuant to the measures contained in the above-mentioned presidential directive.

Exports totaled approximately $660 million, which, compared to $566 million in 1976, means a 16 percent growth in current terms, an unprecedented figure. Imports increased from $562 million in 1976 to $670 million in 1977, a 19 percent growth in current terms. The increase of imports in relation to exports stems basically from the reversal caused by a high import level of capital goods, by the world inflationary processes--which caused an increase in prices of capital goods--and by the expanded consumption caused by the increase of our national income. These imports have caused a deficit in our trade balance of some $10 million, in relation to the $3.6 million surplus we had in 1976.

Consolidating imports and exports of goods and services, including interest, capital returns and other current transfers, it is estimated that the balance in current accounts will have a deficit of $200 million, which is lower than the expected $208 million deficit.

If the net flow of foreign capital received by the country in 1977 is taken into account, we would have a $15 million surplus in our balance of payments. The country received $486 million this year through loans and other capital flows and repaid $107 million. Thus our foreign debt amounts to $1,486,000,000 as of 31 December 1977, in comparison to that of $1,107,000,000 as of 31 December 1976. This amount was also earmarked for national development, a fact which marks an encouraging, exceptional phenomenon.

The conditions for payment of our foreign debt prevailing as of 31 December 1977, provide that repayment be made in a 20-year period at 5.5 percent interest. These two conditions are considered very advantageous in relation to the average rates prevailing in Latin America. As to the country's capacity for payment, we point out that the coefficient of the service of the foreign debt is under 24 percent of our exports of goods and services, a rate which is also considered satisfactory at the international level.

The net international reserves of the Bolivian Central Bank are estimated to amount to $212 million as of 31 December 1977, in comparison to $172 million as of 31 December 1976. This reserve level can allow us to import goods for an approximate period of 3 months, a level which is considered adequate when compared to the conventional index of 2 to 3 and 1/2 months for imports. This will also be instrumental in reducing the rate of utilization of foreign credits in 1978, thus guaranteeing the stability of the currency exchange rate. The issuance of currency increased by 25 percent in relation to 30 percent increase of last year. It is estimated that the consumer price index increased between 9 and 11 percent and that the general price index increased between 15 and 17 percent. This means that Bolivia continues to be one of the Latin American countries with the lowest inflation rates.

The following aspects must be particularly emphasized within the institutional framework designed to achieve socioeconomic development:

1. The steady strengthening of the planning and programming mechanisms through the adjustment of the annual operation plan and of the national budget for 1977 as closely as possible to the 1976-80 socioeconomic development plan;

2. The adoption and implementation of planning and project systems by all public institutions, which are thus following a quite coherent doctrine in the creation and implementation of projects. All sectors and regions are becoming increasingly aware of the great advantages stemming from closely following the systems established by the government. Evidence of this is the fact that in 1977 there has been a remarkable reduction of emotional outbursts motivated by regional interests, since the people are becoming aware of the advantages of channeling their aspirations through the established national system.

3. The acknowledgement of the deficiencies and problems faced by the leading public enterprises, all of which were outlined in Presidential Directive No 2, which not only harshly criticized the errors observed but also proposed specific solutions, which began to be implemented as of the date of its issuance. In this respect, we must point out the creation of technical advisory offices of public enterprises.

Incidentally, the vigorous national growth achieved in 1977 has reflected the pressing need of coordinating the operation of our public enterprises and, above all, of integrating them into the government's global economic scheme in order to maintain the coherence required for our development strategy and to maintain both our domestic and foreign financial balance, without granting the enterprises autonomous administration and management.

4. Greater emphasis on development efforts in the rural sector through the initiation of integrated programs both in the Altiplano and the valleys, which will enable us soon to achieve a suitable equilibrium between economic growth and social development. In this respect we should mention the integrated rural development program we are undertaking with the United Nations, a program which is designed to obtain an overall, far-reaching solution to the socioeconomic problems endured by the Bolivian peasants.

5. A consulting group designed to coordinate Bolivia's foreign financing on a concessionary basis [en condiciones concesionarias] held its first meeting in Paris last May. The World Bank, which sponsored this meeting, placed Bolivia third among Latin American countries and one of the 12 countries in the world for which this bank has organized similar meetings.

A clear evidence of the prestige achieved by our country in recent years, [illegible] of its ability to propose specific development programs and projects, is the fact that this meeting was attended by representatives of the governments of the FRG, Great Britain, Switzerland, France, Italy, Spain, Japan, Venezuela, Argentina, Brazil, Canada, the United States and others; and of the World Bank, the IDB, the Andean Development Corporation, the International Financing Corporation, and the IMF. This and another meeting also held in Paris with private bankers of the world financial community reflect a clear intention by the developed countries to guarantee a flow of adequate resources, under given financial terms and conditions, to complement the country's internal effort. These meetings have created the possibility of obtaining direct foreign investment, which will also be instrumental in transferring to us technology and management ability.

6. In 1977, after 2 years of work, the team headed by Prof (Richard McGrey) of Harvard University--who is considered perhaps the world's leading authority in fiscal matters--and made up of well-established experts in the main sectors of economic development, submitted to the government a valuable report containing specific recommendations for rationalizing the various fields of the country's socioeconomic activities, especially in the area of fiscal policy, which will be implemented beginning next year. The report, which already has been released to specialized journals, will be published soon.

7. Important laws which will contribute to improving and modernizing the country's socioeconomic development were enacted in 1977, such as the ones governing bidding on construction of public buildings, commerce, purchases and the charter of the central bank. It is expected that the charters of regional development corporations will be enacted soon.

8. The creation of the national information system and fund for development, which will allow a rational utilization and inventory of the documents available in the country in the field of socioeconomic information.

9. The creation of the national system for scientific and technological development, which is designed to outline a research policy which may enable us to adequately apply our scientific and technological skills in the various aspects of national development.

10. The most remarkable event which took place in 1977 within the framework of regional integration was the approval of the automotive program within the Andean Pact.

11. The implementation of a system of fiscal incentives for exports.

12. The creation of the mineral prospecting fund, as a financial entity designed to prospect for new mineral resources.

13. The adoption of measures designed to rebuild the portfolio of commercial banks, on the basis of medium-term loans earmarked for productive sectors.

14. The utilization of the banking system for payment of taxes, having also improved the administrative procedures followed for the collection and control of taxes through an expansion of the internal revenue computation system.

In general terms, 1977 was a year of virorous progress for the country because the government furthered its economic expansion and social development within a framework of financial stability. For 1978, we are forecasting a progressive tendency. In due time, we will release to the people the operational plan and the nation's general budget for 1978. We must emphasize, however, that development demands conditions which are to be observed by the entire community. These conditions could be summarized as follows:

1. The reduction of public expenditures; 2. The rationalization of public investments; 3. The utilization of credit in projects which may contribute to development and may be instrumental in reducing dependency; 4. The reduction of imports, especially of luxurious consumer goods; 5. Restriction of smuggling; 6. Intensive promotion of nontraditional exports; 7. Promotion of direct foreign investment, subject to the conditions imposed by our national development; 8. Discipline, efficiency and dedication which must prevail in public enterprise; 9. Strict enforcement of Presidential Directive No. 2; 10. Policies which may guide and promote private activity.

In the course of the evolution of mankind, there are certain conditions or certain objectives demanding greater sacrifice and discipline. Development often has its ups and downs, that is, it can go up and down. As to Bolivia, the years to come should be instrumental in consolidating the achievements of previous years. This means that the growth rate must be cautiously conditioned to sound development. On this occasion, I want to ask the people to use their capacity to make the best use of our means and resources, to increase their work productivity and to avoid wasteful, unreasonable consumption. My government will apply every measure required to improve our economy. We have already demonstrated that we are not seeking a shortlived applause or a selfish prestige. We consider that the country is above our individual projections. The coming year will have transcendental significance for Bolivia. In 1978, the state institutions will be organized on the basis of the freely expressed popular will. Here, in America's heart, we are initiating the new democracy, we are carrying out an extraordinary social experience which has attracted the world's attention, and which may elicit an electoral battle of continental projections. The results of the next elections will go beyond our borders to become a precedent which cannot be overlooked in the American political scene.

There is a close relationship between economic and political factors: The people's behavior during the election as well as in the constitutional period will determine the pace and the quality of development. The people are the masters of their own future. Although there are different groups struggling over power, the people's maturity, their responsible behavior and their traditional sound judgment will no doubt prevail. The next elections will mark the point at which revolutionary nationalism must be clearly differentiated from both rightwing and leftwing extremes which have now united to perpetuate backwardness and dependency along with chaos and confusion, through the democratic and humanist fictions behind which they disguise their hatred and violence.

This is a time for great definitions, a time in which we must ask ourselves what is the most humanist and revolutionary behavior. Among those who plow the soil and cultivate wheat, those who work in the mines and factories, those who study and are engaged in research activities or those who make the least possible effort, generating chaos through terrorism or violence, who are more humanist and revolutionary?

Who are more humanist and revolutionary: Those who build the fatherland through effort and sacrifice or those who nurture their frustrations either in the rightwing or in the leftwing, thus disquieting the nation and causing a useless struggle among brothers?

Who are more humanist and revolutionary: Those who build schools, roads, airports, factories, foundries; or those who print pseudorevolutionary literature and pretend to overcome dependency by jeopardizing development?

Who are more revolutionary and humanist: Those who have the courage of leading their people, acknowledging their defects and virtues; or those who place themselves at the service of foreign groups or interests. We are on the road of the true revolution. Bolivia is finally in the right perspective. After more than 150 years, we were able to find the type of organization which is adequate to our culture and to our desires.

The Bolivian revolution is strong because it is based on the true nature of the people, because it offers viable solutions and because it is a process which can be improved and which has unlimited possibilities in time.

Bolivians, on entering 1978 we are initiating a new stage. The armed forces government has laid down the bases for an increasingly accelerated development. Our future will depend on the patriotic sense we may attach to our actions, on the determination and heroism with which we may face difficulties, on the faith and dedication with which we may build the new Bolivia.

The armed forces of the nation will hand over a strong Bolivia, economically prosperous, politically stable, socially structured and with a profound sense of justice, to the next constitutional government.

We have carried out our duty, but this in no way relieves us of the commitment we have to the fatherland. From our posts we will serve the fatherland with persistence, discipline and humility.

I want all children, adolescents, men and women to live fully, with happiness, in the new Bolivia. I want all Bolivians to have access to the necessary means for their advancement, to achieve freedom and spiritual fulfillment.

This has been a year of peace and progress for all Bolivians. May 1978 be a year of happiness for all men who live and work within the broad framework of the reality we are forging.

Bolivians, may our Christian convictions, may our devotion for God, may our love for the fatherland guide our actions; may each of our actions lead us to understanding, justice, equality. May the joyous promise of a deeply human life reach every corner of the fatherland, together with the sunshine of the new day. Thank you. [applause]

BURNS' DEPARTURE FROM FEDERAL RESERVE BOARD CALLED GOOD FOR BRAZIL

PY311238Y Rio de Janeiro JORNAL DO BRASIL in Portuguese 30 Dec 77 p 12 PY

[From the "Economic Report" column: "Good for the United States and Brazil"]

[Text] Arthur Burns' departure from the Federal Reserve System may be much more important for Brazil than OPEC's decision to temporarily freeze the price of petroleum.

Applying a monetary policy of austerity (tight money)--reducing credit and increasing interest rates to discourage demand and thus reduce inflation in accordance with monetarist policy--Burns as of September caused a major increase in interest rates in the United States and consequently in the Eurodollar, where Brazil takes most of its credit.

To the degree that William Miller eases the monetary policy of austerity (although a drastic change in policy is not expected), a reversal of the high rate of interest can already be seen. If Eurodollar interested dropped 1 percent, Brazil would save some $300 million, a larger amount than the $240 million needed to meet the 5-percent increase in oil prices.

INTERBRAS DENIES COFFEE PRICE MANIPULATION REPORT

PY030156Y Paris AFP in Spanish 1838 GMT 2 Jan 78 PY

[Text] Brasilia, 2 Jan--The PETROBRAS International Trade Co. [INTERBRAS] reported here today that the charges made on Friday by the New York TIMES that INTERBRAS was plotting to cause an increase in the international coffee price is "a fictional story." The New York TIMES reported that the U.S. Government was investigating maneuvers carried out in the New York coffee markets by INTERBRAS, a Brazilian Government enterprise active in exports and imports.

In a letter issued today, INTERBRAS states that before writing about "imaginary plots" the newspaper, which seems motivated by an excessive taste for the "mysterious," should have made a realistic study of the international coffee market. The note adds that the New York TIMES was "not well informed" when it reported that INTERBRAS is being investigated for having purchased 122,000 sacks of coffee in the United States and that it thus contributed to maintaining an increase in coffee prices.

The note, which is signed by INTERBRAS Director Sergio Barcellos, states that any coffee market analyst knows that "coffee prices increased 2 years ago as a result of catastrophic frosts in Brazil and low production in certain African countries." Barcellos maintains that the situation will not improve in 1978, not even if there are no frosts in Brazil. Moreover, the United States is facing winter with the lowest coffee stocks in its history, approximately 1.3 million sacks; this can be dangerous, since 300,000 to 350,000 sacks are roasted every week.

INTERBRAS suggested American authorities investigate more closely the performance of the New York coffee stock market which in the last 6 months has three times changed the rules for sales [liquidaciones] of contracts negotiated in the market to avoid a decrease in prices.

FIGUEIREDO-CHAVES ARENA TICKET FEIT CERTAIN

PY030130Y Buenos Aires LATIN in Spanish 2034 GMT 2 Jan 78 PY

[Text] Rio de Janeiro, 2 Jan--Gen Joao Batista Figueiredo and the present governor of the state of Minas Gerais, Aureliano Chaves, are considered by local political analysts as the certain candidates to hold, as of March, 1978, the Brazilian presidency and vice presidency respectively.

Although there is still some speculation regarding other eventual candidates such as Gen Edler,Bentes Monteiro, and ARENA [National Renewal Alliance] Senator Jose de Magalhaes Pinto, who seems determined in his candidacy to be President Ernesto Geisel's successor, the only doubt among political observesr seems to be the date on which the announcement of the candidate will be made. Some observers believe this announcement will be made this week or next week but others maintain that Geisel will reveal the name of the candidate only on the eve of Carnaval so as to lessen any possible disagreements regarding the succession.

There is also some speculation as to who will be appointed to announce the name of Geisel's successor, and analysts believe that Francelino Pereira, president of the Officialist Party, the National Renewal Alliance, will be the one entrusted with this task.

Pereira, however, declined to make any statement in this regard, noting that "I do not have any reports to confirm the news that President Geisel has reportedly communicated to General Figueiredo that he was chosen to succeed him or that the announcement of this decision will be made (?this) week." He said today that the announcement of Figueredo's candidacy will be disclosed after 28 January, after Geisel has fulfilled his trips to Mexico and Uruguay.

He explained that "if the president discloses the candidacy and then travels, a vacuum will be created which will have to be filled by the candidate, thus risking a parallel leadership which will be inconvenient for both parties." He noted, however, that there are certain sectors which believe that the announcement will be made this week stating that "since the candidate has been chosen and the decision is publicly known there is no reason why the official announcement of the candidate should be postponed," since this would undermine the candidate's position.

Furthermore, political analyst Helio Fernandes, from the same newspaper [as received], stated that the name of General Figueiredo, who at present heads the National Intelligence Service [SNI], "has been for a long time prepared by President Geisel's closest advisers," and noted that "those who did not adapt to General Figueiredo were gradually withdrawn and saw their areas of influence curtailed."

Meanwhile, ARENA Senator Magalhaes Pinto continues his unendorsed campaign as Geisel's successor, without showing the least disposition to desist from his intentions or to negotiate for a prominent post in the future presidential administrat on. During the first week of January Magalhaes Pinto will be the main figure at a reception in the city of Apucaran, in Parana State, which will gather about 8,000 persons.

SWEDEN'S KING GUSTAV, QUEEN SILVIA BEGIN VISIT

PY301930Y Sao Paulo Cadeia Verde Amarela in Portuguese 1000 GMT 30 Dec 77 PY

[Text] King Gustav of Sweden, accompanied by Queen Silvia, has been in Brazil since yesterday. Representatives of Itamaraty, members of the Swedish Embassy and relatives of Queen Silvia were at the Galeao Airport to welcome them.

Although the visit is private, King Gustav will pay a courtesy call on President Geisel on 12 January. Today he goes to Sao Paulo to spend the New Year's Eve party at the residence of Queen Silvia's relatives.

PETROBRAS TO UP INVESTMENT 50 PERCENT IN 1978

PY291320Y Sao Paulo Cadeia Verde Amarela in Portuguese 1000 GMT 29 Dec 77 PY

[Text] PETROBRAS will increase its investment in oil exploration and production in 1978 by 50 percent. This effort will involve drilling 364 wells--120 exploration wells and 244 production wells.

RISK CONTRACTS TO RESUME IN MID-1978

PY301405Y Sao Paulo Cadeia Verde Amarela in Portuguese 1000 GMT 30 Dec 77 PY

[Text] The third round of risk contracts will only begin to be signed in mid-1978, according to a PETROBRAS source, who contradicted Mines and Energy Minister Shigeaki Ueki's remark that contracts are to be signed soon. The PETROBRAS source also denied that inland areas will be included in this round, indicated that PETROBRAS will give preference to continental shelf exploration.

BRIEFS

STEEL PRODUCTION INCREASED--Rio de Janeiro, 2 Jan--The Brazilian Iron and Steel Corporation [SIDERBRAS] reported here today that the Brazilian steel production in 1977 increased to 11.2 million tons. In 1976, total Brazilian steel production reached 9.2 million tons, 22 percent less than in 1977. The report adds that in 1977 Brazil imported 484,000 tons and exported 77,000 tons of steel. [Text] [Paris AFP in Spanish 0241 GMT 3 Jan 78 PY]

STEEL SELF-SUFFICIENCY--For the first time, Brazil will be self-sufficient in steel in 1978, Industry and Commerce Minister Angelo Calmon de Sa stated. According to him, Brazil will be able to save $400 million in imports when it becomes self-sufficient in steel. [Sao Paulo Cadeia Verde Amarela in Portuguese 1000 GMT 26 Dec 77 PY]

NUCLEAR ENERGY PERSONNEL--The Space Research Institute will train personnel for nuclear energy work. For this purpose, a 1-billion-cruzeiro agreement was signed yesterday between the National Nuclear Energy Commission and the National Scientific and Technological Development Council. [Sao Paulo Cadeia Verde Amarela in Portuguese 1000 GMT 30 Dec 77 PY]

IMPENDING NATIONAL CONSULTATION STIRS CONTROVERSY, CONFUSION

Comptroller General Approves Election Decree

FY022122Y Paris AFP in Spanish 2105 GMT 2 Jan 78 FY

[Text] Santiago, Chile, 2 Jan--It has been reported here that the National Comptroller General's Office approved today the decree which makes official the national consultation called for by Chilean President Augusto Pinochet. The consultation is to take place on Wednesday.

The Comptroller General's Office, an independent and autonomous organization which controls government resolutions, rejected the decree on Wednesday for "not being in accordance with the law."

Pinochet Denies Claims of Illegal Action

FY311840Y Paris AFP in Spanish 1736 GMT 31 Dec 77 FY

[Excerpts] Santiago, Chile, 31 Dec--It was made known here today that Chilean President General Augusto Pinochet reaffirmed that he is exercising the executive power and therefore his decision to call a national consultation on 4 January 1978 is legitimate.

"The holding of the civic act called for by the Executive Branch will by no means compromise the prestige and honor of our armed forces and forces of order (police)," emphasized Pinochet.

Pinochet said: "The honor and dignity of the armed and police forces will, without doubt, be strengthened once more through the sovereign and mature decision of a people who in their immense majority asked the forces to rise up on 11 September 1973 to defeat Marxism and restore the fatherland."

He then added: "Contrary to the view outlined by the Air Force, it is the personalist governments which have never asked to be ratified by the people, because in this type of government, power emerges only through the irrational force of the caudillo and not from principles or values."

Answering General Leigh, Pinochet said: "Your opinion is that the president acted illegitimately, overextending his sphere of action, in not submitting the call for formal approval by the governing junta.

"Even before it is energetically refuted through law, this serious charge requires some general assertions permitting definition--with the clarity written into the statutes now in force--of the sphere of action which today legally belongs to our country's power structure," added Pinochet.

Pinochet's note then outlines several legal and constitutional concepts and concludes: "Consequently, the president rejects the assertion that the call--made to the people so they can express their ideas on a matter of concern to their interest and dignity--violates institutional statutes which the government itself has issued.

"The objective and the ends of the national call, which are also the virtual limits of discretional power, are strictly within the constitutional concepts and guidelines," he added.

Finally, Pinochet's note to Leigh says that "the decision to call the people to a consultation is the responsibility of the chief of state, head of the Executive Branch."

Pinochet Visits Arica, Rejects Foreign Intervention

PA011410Y Madrid EFE in Spanish 1340 GMT 1 Jan 78 PA

[Text] Santiago, Chile, 1 Jan--The Chilean nation is ready to reject any aggression, wherever it comes from, and to show unity with its government, said President Pinochet Ugarte in Arica.

General Pinochet came to this border town yesterday to contact army contingents and represenatives of various sectors of the area, just as he had done the previous day in Iquique port, to explain the national consultation he has called for 4 January.

"We do not want interventions from anyone and will not accept, as the United Nations attempts, the imposition of a form of government from abroad," he said.

Pinochet asserted that 1978 will be very auspicious for the country and his government will increase social work at the same time that it will make new investments in mining, reduce unemployment and consolidate the Chilean economy.

On Friday, Pinochet Ugarte toured several Santiago slums. On Monday, he will go to Valparaiso to attend an event in support of his government.

In the meantime, preparations continue for the plebiscite on Wednesday in which 6.23 million Chileans will have a right to vote. Chileans must vote yes or no. Blank and null votes will be added to the yes votes which declare support for Pinochet and condemn the UN resolution censuring Chile for violating human rights.

The people of this country are the subject of an intense publicity and psychological campaign in favor of voting in support of the government.

Former President Eduardo Frei will answer Pinochet's call to a plebiscite tomorrow, joining other Christian Democratic leaders who have rejected the government's proposal.

Pinochet Calls on People to Defend Nation's Dignity

PA011757Y Madrid EFE in Spanish 1738 GMT 1 Jan 78 PA

[Text] Santiago, Chile, 1 Jan--President Pinochet today appealed to Chileans to close ranks around his government "in order to defend the nation's dignity and sovereignty." The appeal was made in a message to the people on the occasion of the New Year.

The president said that he is the first to feel the pains and the privation that many Chileans still have to endure and which are the result of situations beyond his control. He noted that in spite of this he has a peaceful mind because he has dedicated himself completely to the task of solving the multiple problems the country is still facing and that affect every family.

He noted: In Chile, there is evidence of healthy spiritual and moral principles that are in contrast with a world that is mostly under decadent materialism, that believes in nothing important and deprives mankind of its greatest sentiments and its dignity.

He stated that at a time when Chile is the victim of an international aggression of "incredible scope and persistence" for defending those values, he wanted to appeal to all Chileans to close ranks in defense of the nation's dignity and sovereignty.

Former President Frei Opposes Consultation

FY022203Y Buenos Aires LATIN in Spanish 1745 GMT 2 Jan 78 PY

[Text] Santiago, Chile, 2 Jan--Former Chilean President Eduardo Frei said today that he rejects both "the procedure and motive" of the national consultation which the military government has called for 4 January because it lacks the conditions "which will allow the consultation to be clear, legitimate and a reflection of the people's will."

In a statement which he read to approximately 50 Chilean and foreign reporters, Frei added: "The whole electoral process, from the setting up of the voting centers through the control of the votes and the announcement of the results will be in the hands of the authority which called the consultation."

He then said: "Neither is it legitimate because it is not even authorized by the constitutional acts currently in force and approved by the current government and therefore it even violates the legal rules which it has approved. This fact is highlighted even more following the opinion given by the republic's comptroller general and by other high ranking officials who have confirmed it and therefore they cannot be termed as anti-Chilean or antipatriotic."

Frei, who refused to answer questions, said that "an act of this type, in the period of time and way it has been called--lacking a legal basis--destroys the country's tradition which perfected its electoral system through a long process in order to guarantee that the decision of the people called upon to vote should have every type of guarantee which would insure the free exercise of their right and authentic expression."

Frei, who governed Chile between 1964 and 1970 with the support of his Christian Democrat Party [PDC], indicated that the consultation is also unclear and it does not solve the problems which it intends to clear up.

President Augusto Pinochet announced the consultation on 21 December in order for Chileans to decide with a "yes" or "no" at the polls whether they support or reject his regime.

He adopted the decision 6 days after the UN General Assembly approved a resolution--96 in favor, 14 against and 25 abstentions--which condemns the government for reported human rights violations.

In addition to the words "yes" and "no", the ballot will contain the following inscription: "In view of the international aggression unleashed against our fatherland's government, I support President Pinochet in his defense of Chile's dignity and I reaffirm the legitimacy of the republic's government to sovereignly head the country's institutionalization process.

In view of this, Frei said: "According to the ballot, two things are to be resolved: A) Whether the president is to be supported in his defense of Chile's dignity; and B) Whether the legitimacy of the government to sovereignly head the country's institutionalization process is to be reaffirmed. There may be people who will favorably answer the first point and reject the second point because they do not want to legitimize a situation with which they do not agree.

"Voting 'yes' is not only voting against the UN resolution, it is, as the ballot indicates and how it will unavoidably be understood, a vote in support of the way the political process is being managed. Voting 'yes' means approving the state of siege, the economic policy and the suppression of legal guarantees and citizen and labor rights."

Frei, who personally read the statement to the radio and television stations and news reporters present at the press conference, also emphasized that the consultation is an error.

Regarding this fact, Frei said: "It begins by giving the UN vote a scope for which it was not intended; it places us in confrontation, not only with the countries which lack authority in the question of respect for human rights, but also with the United Nations and with democratic countries such as France, the FRG, Great Britain, the United States, Belgium, Israel, the Netherlands and numerous others, all of them traditional and unswerving friends of Chile for more than 150 years.

"We must ask ourselves: How is it possible that this can happen, and what is the political management that is the cause of these consequences which are also affecting our economy and national security, which is even more serious.

"All this is happening when we desperately need to improve our international situation because nobody ignores the fact that there are difficult and serious problems which are the source of a deep patriotic concern."

Frei said that no matter what the results are, "the world will not believe them and therefore our international position will not improve, there is a repeated world experience concerning plebiscites and consultations which have been held without full freedom.

"Neither will there be internal confidence; all the uniform propaganda which has been unleashed will not achieve it. It is incredible how the procedures, which only yesterday were being criticized, are being repeated and how in the end regimes which have been loathed are in fact imitated."

Concluding, Frei said: "It seems incredible, but it is bitter and difficult to say these things when living under the pressure of those who have all the power in their hands, but one cannot silence his thoughts if he wants to live with dignity. Therefore, we reject the procedure and motive of this consultation."

Radical Leaders Urge 'No' Vote

PA011434Y Madrid EFE in Spanish 1335 GMT 1 Jan 78 PA

[Text] Santiago, Chile, 1 Jan--A group of prominent leaders of the proscribed Radical Party (Social Democratic) led by former Senator Luis Bosay Leiva asked Chileans to vote no in the government's consultation on Wednesday.

The Radical Party leaders state in a communique that "it is absurd that the people are being asked to voice their opinions in a consultation held under very grave restrictions of freedom of assembly, opinion and expression, with political parties outlawed, under a state of siege and with fearful people."

The Social Democrats assert that nobody has attacked Chile, the country or its inhabitants, and what the United Nations has done is to reprimand the government.

"Although it is true that many of the nations who condemn it lack moral authority to do so, the fact is that all of those who do have the moral authority to condemn participated in the negative judgment," the communique says.

The declaration concludes by saying: "We are not evading the responsibility of stating our position for Chile and for the best interests of the fatherland and its future, we say 'no.'"

A communique issued by the proscribed Socialist Party asks the people not to go to the polls and to abstain from voting despite the obligatory nature of the event imposed by President Pinochet.

The Chilean Society for Defense of Tradition, Family and Property (TFP) has called for an affirmative vote. Nevertheless, it says it is unfortunate that the consultation is being held because of the third UN resolution against the Chilean regime, as "it gives importance to a resolution totally lacking in moral authority from an international organization whose real prestige is continually decreasing."

The statement joins other communiques of progovernment organizations along the same lines.

Church Calls for Suspending Consultation

PA0201235Y Paris AFP in Spanish 1807 GMT 1 Jan 78 PA

[Text] Santiago, Chile, 1 Jan--It has been reported here that the Chilean Catholic Church today explained its appeal to the government to suspend the nationwide consultation scheduled for 4 January.

In a communique addressed to the members of the governing military junta, the bishops say that they have stated their views "clearly and plainly" on the important consultation because they want to cooperate in uniting all Chileans.

Last Friday the bishops told the government that "it would be advisable to suspend or postpone the consultation for the sake of the public welfare."

The Catholic Church's declaration contains three main points. The first says that the foundation and legality of the consultation "to us seem positive and entirely in accord with the humanistic and Christian ideals of participation."

The bishops then say, however, that the form of the consultation should be the subject of more thought because, although the UN condemnation of the nation has been discriminatory, the people are not properly informed of the text of the condemnation issued by the international organization.

The bishops also say that the way the consultation has been presented it includes several questions which can be answered differently. Therefore, a majority vote for any one issue would have no specific foreseeable results.

About 6.2 million Chileans will vote yes or no on a question that reads: "Vis-a-vis the international aggression against the national government, I support President Pinochet in his defense of Chilean dignity and reaffirm the government's legitimate right sovereignly oversee the nation's institutionalization process."

Finally, the Catholic Church's communique says that for these reasons and for the sake of the prestige of the governing junta and the armed forces "the consultation should be suspended or at least postponed until more favorable circumstances can be achieved."

Leigh, Merino Oppose Consultation

PY301636Y Paris AFP in Spanish 1431 GMT 30 Dec 77 PY

[Text] Santiago, Chile, 30 Dec--It was learned here today from press sources that two of the four government junta members have expressed "objections" to the national consultation called for 4 January 1978.

The objections were reportedly made in letters submitted by Gen Gustavo Leigh, Chilean Air Force [FACH] commander, and Adm Jose Toribio Merino, Chilean Navy commander.

The alleged disagreement within the government leadership was confirmed when President Pinochet acknowledged on Wednesday that there were "differences" within the governing military junta regarding the national consultation.

The president noted "we are all human beings and as such we can have different opinions, but the government and institutions continue to be the same as before."

General Leigh's letter to the president reportedly expressed the Air Force's "disagreement" with the national consultation, based on the fact that "the prestige and honor of our armed forces and security forces are part of the moral heritage of our fatherland."

"We must guard the integral preservation of these values, which would be jeopardized by holding a plebiscite controlled and evaluated by the armed forces."

The letter states that "whatever the result of the vote, and regardless of the effort of our men to be objective and impartial, we could not avoid the doubt and suspicion which this procedure would create within Chile and abroad. We cannot disregard the consequences of this loss of prestige."

"This aspect of the problem is even more serious," the letter adds, "if we consider that the best phrase the armed forces and security forces can use in describing the basis of government actions is 'incorruptibility, honor and permanent respect for laws controlling the conduct of those forces.'"

General Leigh then states that "the junta's government is a military government which assumed power at the unanimous decision of the armed and security forces.

"This government, then, has an important task to fulfill which is not subject to political factors. This government is temporary, but it is deeply united to fully carry out the great task. Consequently, the military government will end when its task has been fulfilled and all Chileans--all civilians, in other words--can then take on the responsibility which is naturally theirs, the responsibility of governing the country."

The letter attributed to General Leigh then adds that "by the nature of their mission, therefore, the armed forces certainly should not be committed to a political process in the strict sense of the world."

The note then allegedly indicates that "consequently, important measures such as the one Your Excellency proposes should only be discussed and agreed upon by the governing junta.

"The call for consultation is contrast to the general principles of public law and to various statutes provided for in our legal order," it adds.

General Leigh concludes: "Since 11 September 1973, the Air Force has always been loyal to the military junta and to the president. This same loyalty forces us today, in defense of the government's prestige, and especially that of Your Excellency, to tell you the disadvantages of a consultation which violates the basis and principles of our civic action. That loyalty leads us to repeat the need to march united toward the goal of fulfilling the great task of restoration which the fatherland has entrusted to us."

Another letter, attributed to Navy Commander Adm Jose Toribio Merino, it also circulating among local newsman. This letter reportedly presents "objections" similar to those of General Leigh.

Among other things, Merino asserts that the national consultation would cause renewed politization of the country and lead to the reunion of political sectors opposed to the military government. On Wednesday, Admiral Merino told reporters that "there are personal and institutional opinions."

"I feel that the government needs to know the strength the country has; this is an element of interest in continuing to govern."

The governing military junta which is presided by Gen Augusto Pinochet includes Adm Jose Toribio Merino, Gen Gustavo Leigh of the Air Force, and Gen Cesar Mendoza, who represents the Carabineros Corps.

Leigh Letter Opposing Plebiscite Labeled False

PY030043Y Paris AFP in Spanish 0005 GMT 3 Jan 78 PY

[Text] Santiago, Chile, 2 Jan--The Interior Ministry warned today that the various rumors concerning an alleged letter sent to the president by General Gustavo Leigh in which he expresses his viewpoint about the 4 January plebiscite are false.

A four-page letter, attributed to General Leigh--Air Force commander in chief and member of the government junta--in which he points out his disagreement with the call for a consultation, has been circulating among the editorial desks during the last few days.

The Interior Ministry note indicates that the false rumors which are circulating are part of a rumor campaign unleashed by those who oppose the presidential call for the consultations to be held the day after tomorrow and are clearly aimed at confusing the population.

On the other hand, this afternoon, the general comptroller of the republic approved the presidential decree calling the consultation for Wednesday and there are now no obstacles to holding it.

The Comptroller's Office, considered to be one of the branches of power in Chile, which has the mission of qualifying the legality of the state's acts, had previously rejected the presidential decision because it did not meet current legal norms.

ANIF PRESIDENT CRITICIZES U.S. TRADE LAW, HUMAN RIGHTS POLICY

PA0102502Y Buenos Aires LATIN in Spanish 1553 GMT 30 Dec 77 PA

[Text] Bogota, 30 Dec--U.S. trade law and U.S. human rights policy were described today as two new, subtle and complex forms of intervention that dangerously condition the trade relations of any country with the United States. This statement was made by Ernesto Samper Pizano, president of the National Association of Financial Institutions (ANIF), who said that new events are occurring everyday which hamper trade between Colombia and the United States.

In a statement to the press, Samper said that the United States is determined to implement a protectionist tariff policy that is harmful to the developing countries. "The recent cases of tariffs on shoes, textiles and sugar are but a few examples of how the U.S. domestic market is being managed autonomously from the foreign policy," he said.

He added that the opinions of the developing countries regarding the isolated preferences and the possibilities of a trade blockade which are implicit in the foreign trade law and the human rights policy "(?are) cries in the desert." According to the ANIF president, "this is a step backward in the traditional policy of priviliged trade relations as occurred during the time of the Good Neighbor Policy and the Alliance for Progress."

LOPEZ MICHELSEN DISCUSSES VIOLENCE, ELECTIONS IN END-OF-YEAR SPEECH

PA0103152Y Bogota Domestic Service in Spanish 0140 GMT 31 Dec 77 PA

[Speech by President Alfonso Lopez Michelsen on the occasion of the end-of-year festivities--recorded]

[Excerpts] Compatriots, approximately 1 week ago I had the opportunity to report to the nation on the government's activities during 1977. In that report I referred to the activities carried out in the year that is now about to end and to the prospects for the coming year. I thus feel that I do not have to repeat what I already said in my [word indistinct] speech.

I would like to discuss two other topics of more immediate interest to Colombian television viewers. First, I would like to refer to the topic of elections and secondly--in chronological order because the government has top priority in the area of national concerns--to the problem of security.

As you know, two elections will be held next year. One will be held in February, the other in June. The president and the entire government plan to remain impartial. [words indistinct] know me sufficiently since I began my political career to know that few public figures in Colombia are as inexpert as I am in handling public posts, offices and influencing people to exercise the government's power in favor of or against certain political groups.

I challenge anyone among the many friends and high-ranking officials who have notified me of their decision to support one candidacy or the other to say if they have ever heard me utter an insinuation, an observation, a criticism or suggestion to make them adopt a particular position. I have limited myself to listening. This is why several officials in my administration have gone in one or the other direction, supporting various political trends and even, as was the case with Belisario Betancur--becoming candidates [words indistinct].

Sometimes it seems to me that several of the persons trying to begin a feud with me are trying to prove that I am the one looking for a feud and that, therefore, they are in a position to challenge me and try in some way to make me declare myself [word indistinct]. In any event, I would like to reiterate, not as an announcement but as an order, to all officials that the government has no official candidate, that the government is not in favor of any one particular group and that the middle ranks [mandos medios] and all officers, as well as the governors, the ministers and the president himself, are bound to this commitment.

I would now like to refer to the problem of security and to the increase of kidnapings. Kidnapings did not first appear under this administration, but it would be childish to deny that in the past few months--one could even say in the past few weeks--there has been a very worrisome increase in their number. The security agencies know that the rural guerrillas, from the times of violence when there were clashes between the armed forces and the guerrillas, are a phenomenon that has been transferred to the cities in the form of urban guerrillas.

Members of the police force and even of the national army who guard the streets are killed each day, usually from behind. [words indistinct] on a lower scale the members of the armed forces have to [word indistinct] in their legitimate defense and must respond to this kind of attack, which (?tells so much) about the way in which what was an urban [rural] guerrilla has been developing as an urban guerrilla similar to the ones that have been active in the Southern Cone for some time now [sentence as heard].

I do not believe that the fact that these guerrillas also operate in developed countries such as Germany or in Paris, in which not a single day has gone by this week without an attack, or in Italy or the sister countries of the Southern Cone is any consolation to Colombians. As the popular saying goes: Only fools take comfort in other people's woes.

But I think it is good that the kidnaping phenomenon, this struggle to the death between two systems--a totalitarian system and a system of freedom--has reached the conscience of all Colombians so that at least they may view the problem in a more personal and somewhat less limited fashion.

Today we see that half of the world is communist, there have been schisms, there are various schools and various centers of information. On the global level, the rivalries between one type of struggle and the other are reflected in Colombia in various forms of action. For instance, they go as far as to consider that Fidel Castro has betrayed the revolution by signing a treaty with Colombia so that plane hijackers cannot find asylum in Cuba.

I imagine that they will end up shouting death to Brezhnev for the aid the Soviet Union has given us on the Uraba Dam. The Soviet Union has provided close to $400 million in financing and contributed its know-how.

This war of systems uses kidnaping as one of its characteristic weapons. One pretends that all kidnapings have their origin in biology. [as heard] A large part of the common crimes [words indistinct] are disguised by political actions. In other cases it is a matter of (?disputes) between the Mafias. There are also family rivalries (?which take) the form of kidnapings.

In this struggle [word indistinct] state security has played a very important role, which is not known by the general public. Ransoms of close to 80 million pesos have been prevented. Until December, the number of homicides and kidnapings had been reduced considerably. Of every 100 persons kidnaped, approximately 30 were freed by the police (?without) paying a ransom. This can be verified in the city of Medellin, and it has occurred in Bogota in some cases.

However, I repeat, this is not a local problem that is easy to combat. It is part of the struggle between the free enterprise system and the totalitarian system, in which the strangest alliances are formed.

I am very pleased that no Nixon-like candidate has appeared and spoken of using a strong hand in the name of law and order and declared himself the promoter of a philosphy to use any legal or illegal means to fight his enemies. Everyone, including the army, agrees that this struggle against crime must be fought within the law, within the framework of freedom. It would not be worthwhile to reestablish the law if we did so by violating it, because what we would find at the end of the road would be an order of the type that exists in some countries--without constitutional guarantees and without rights of any kind.

I say that this phenomenon is occuring as described because, if you carefully analyze the participation of the armed forces in this struggle, you will always find that the armed forces respect the law. There can not be a separation of the armed forces and the government, because the armed forces are the armed arm of the Executive Branch. In fact, the Executive Branch has gone even further and has--by virtue of the state of siege decree--placed justice in cases such as kidnaping in the hands of verbal courts-martial. That is, right now the armed forces are, at the order of the government, not only fighting crime but in some cases judging it.

What else could we do? I do not know. Some, fortunately very few, believe that what should be abolished is the democratic system, that under the Santanderist spirit, without checks and controls, that is, without law, not only the armed forces but any government could much more easily hold prisoners without sufficient evidence and overlook the procedural requirements.

I observe with concern how we are slowly progressing from verbal violence to physical violence. I want to end with these words: At the end of 1977 I wish to invite all my fellow citizens from all factions to observe serenity, prudence and moderation. I do not want us to lose our coexistence and understanding in one election, or in two elections, a state which we reached after 16 years of an experiment which I even fought in some aspects, such as the rotating of political parties in power, and defended in other aspects because I recognized its benefits.

I am again asking for a lessening of tensions, for benevolence among Colombians. I am convinced that our disputes will not be eternal because we will have to continue to live on the same portion of the American continent for many centuries and will gain nothing by returning the times of unreconcileable enmity and hostility.

(?I have suggested), without much success, that the journalists establish honor tribunals to handle and penalize cases of misinformation, and said that these decisions will be final. I invited them to [words indistinct] to raise the level of our disputes. I have found weak support from an EL TIEMPO journalist.

Nevertheless, I reiterate my request that honor tribunals be established (? because arbitration is required for procedures in addition to the legal ones) to prevent justice and truth and slander and libel from obtaining the same amount of publicity.

YEAREND MESSAGES STIR UP LIBERAL PARTY CONFLICT

PA3114422Y Bogota Radio Cadena Nacional in Spanish 1730 GMT 30 Dec 77 PA

[Text] Bogota--The year-end messages of Liberal presidential precandiates Carlos Lleras Restrepo and Julio Cesar Burbay Ayala today prompted further strong clashes within the party.

Llerists and Turbayists attacked each other. Congressman Ivan Lopez Botero said that the balance drawn by Turbay is not objective. He said that instead of criticizing the agreement between Llerists and Ospino-Pastranists, he should have taken into consideration the censurable attitudes of the Turbay-Alvarists [word indistinct].

[Lopez Botero--begin recording] Dr Turbay Ayala is using a mistaken approach to the political situation of the Liberal Party because he criticizes what he calls the coalition of the Llerist and Ospino-Pastranist factions in Congress with regard to voting on certain bills. It is, however, even more censurable that he has teamed up with the Laureanist group, since the majority of the Liberal Party voted in 1974 not so much for Lopez as against Alvaro Gomez Hurtado and Laureanist ideas. In other words, to team up with and promise positions of power to Laureanists [words indistinct] who were a political force which the Liberal Party wanted to defeat in 1974 seems to be even more censurable than the possible agreements there may be between opposing forces regarding congressional or government work. [end recording]

In turn, Congressman Carlos Lemos Simons told Radio Cadena Nacional that Lleras Restrepo's message was anguishing, defeatist and rife with appeals for the Liberals to support his candidacy.

[Lemos Simons--begin recording] Dr Lleras' message follows the same emotion-filled vein of his most recent speeches. It is a pessimistic, defeatist message in which the former president hints with a clarity that only his closest aides would refuse to admit that he has no hope to win the 1978 elections. He issues a number of anguished, pitiful appeals, which are almost entreaties, to party members and other groups to vote for him, realizing that his nomination is on shaky grounds. His entire message also tries to give excuses for his impending defeat. [end recording]

Llerists and Turbayists have radicalized their positions to such an extent that the messages by Turbay and Lleras have rekindled the Liberal conflict.

Presidential candidate Julio Cesar Pernia said he agrees with the remarks made by former President Carlos Lleras Restrepo over Radio Cadena Nacional last night. Lleras Restrepo said that the leftwing's following is increasing. Those are not groundless fears, Pernia said, since members of the traditional liberal and conservative parties are discontented. There is widespread concern, and everyone will vote for the leftwing in February and June, Julio Cesar Pernia added.

CABINET OUTLINES PLANS FOR REMAINING TERM OF OFFICE

PA021754Y Madrid EFE in Spanish 0329 GMT 2 Jan 78 PA

[Text] Bogota, 1 Jan--The Colombian Government said today that the last 7 months of this administration will show the consolidation of the most ambitious group of projects designed and executed for the benefit of the country.

In a forum sponsored by the "Tecnicos y Politicos" program of Todelar Radio Network, 12 of the 13 ministers of Liberal President Alfonso Lopez Michelsen's cabinet outlined the national policy which will conclude on 7 August, when the new chief of state is sworn in.

Justice Minister Cesar Gomez Estrada announced as the new year's most important project the establishment of an independent budget for the judicial branch and the reform of the ministry to give it a more operative role rather than the present one of simple vigilance. Mines and Energy Minister Eduardo Gaitan announced that by midyear an exact report will be obtained on the gas deposits recently discovered in northern Colombia, which will enable the country to make an accounting between what it consumes and what the well will produce.

In connection with the February and June congressional and presidential elections, government minister Alfredo Araujo commented that efforts will be made for the elections to be conducted quietly and with total respect for citizens' rights. On his part, Defense Minister Gen Abraham Varon Valencia said that his ministry will be dedicated "above all to fulfilling its constitutional mission of establishing both internal and external security."

For Economic Development Minister Diego Moreno Jaramillo, one of the goals of his ministry will be the application of Decision 120 on the Andean automotive program, as he considers that it will help the nation's economy. Public Works and Transport Minister Humberto Salcedo Collantes will dedicate his efforts to advancing the different fronts of the plan for highway rebuilding, which was begun in 1977 with domestic and foreign financing.

Joaquin Vanin Tello, the minister of agriculture and livestock, said that it is necessary to attend to the marketing of agricultural products and the problem of setting up an adequate pricing policy. Vanin added that "there is a quite alarming situation regarding high cost production systems, which affect not only the internal market but also the possibility of selling the country's agricultural products abroad."

In the labor field, efforts will be made to maintain harmony and tranquility in the sector. It is not easy to achieve understanding between the forces of capital and labor, which cannot be neglected or managed irresponsibly, Labor Minister Oscar Montoya said.

Primary, secondary and university eduction problems, teacher training and the grading system are part of the plans which Education Minister Rafael Rivas Posada is entrusted with. "We will also continue trying to solve the budget problems in higher education," Rivas Posada added.

In his talk over Todelar, Finance Minister Alfonso Palacio Rudas said that in 7 months great achievements, projects or changes cannot be undertaken. However, Palacio Rudas went on to say that he will make some adjustments to the monetary policy and will draw up the 1979 budget, "which we will not have to carry out but which is the duty of every government that leaves its house in order." To carry out the communications satellite project, since this will reaffirm Colombia's sovereign rights over its geostationary orbit, will be the main goal of the Communications Ministry headed by Conservative Minister Sara Ordonez de Londono.

Finally, Public Health Minister Raul Orejuela Bueno informed the country that the present administration will try to leave in progress some undertakings, strategies and policies. The hospital program has been allocated in the national budget the incredible figure of 1.85 billion pesos ($50 million) which is proof of the government's interest in health matters.

PRESIDENT COMMENTS ON CONSTITUENT ASSEMBLY AT PRESS CONFERENCE

PA310325Y PARIS AFP in Spanish 0210 GMT 31 Dec 77 PA

[Text] Lima, 10 Dec--President Francisco Morales Bermudez said today that in the event that the next Constituent Assembly drafts a reactionary constitution, the assembly would be dissolved and the de facto regime would continue in power. The chief of state, who gave a news conference this afternoon, also said that it seems as if Peru is being fenced in, evidence of this being problems existing with international credit organizations in obtaining loans to refinance the country's foreign debt.

When asked what would happen if the Constituent Assembly were to be dominated by anti-revolutionary forces and approved a reactionary constitution, the president shook his head negatively, implying that this would not happen. He then expressed his thoughts and said that the assembly was called in order to incorporate the reforms into the next constitution, but that, in case it drafted a reactionary charter, the chamber would be dissolved and the de facto regime would continue.

He also explained that the new constitution and the general elections in 1980 will serve to make a "transfer of government but not of power," recalling that he had recently said that when the armed forces return to their garrisons they will remain vigilant over the political goals which have been attained because the armed forces must remain a part of the country's destiny.

He then referred to the foreign debt problem and said that Peru negotiates with the International Monetary Fund because it cannot deal with any other institution, but that in spite of agreements reached with that institution the North American private banks remain closed.

"I believe," he said, "Peru is being fenced in."

"There may be foreign political interests linked to similar domestic interests which are trying to keep the country from advancing," he added.

He said that in the past when Peru agreed to a standby loan with the IMF, the banks would open their doors, but now they are demanding an additional supplementary agreement with the U.S. Treasury Department prior to granting loans to refinance the foreign debt.

General Morales Bermudez then emphatically reasserted that "the Peruvian Revolution has not ended, but we do not want to become radicalized." He added "The armed forces will not allow a return to the past.

"We shall continue advancing for the sake of all Peruvians."

"When asked if these difficulties stem from the belief that part of these loans will be used to pay for prior arms purchases from the Soviet Union, the president said that high-level talks are being held with that country in order to refinance the debt stemming from those purchases.

Regarding domestic economic matters, the president said that subsidies will be maintained for food staples but that the prices of other goods will increase gradually. However, the price of gasoline will be maintained.

He also explained that salary increases will be decreed in order to compensate for part of these price increases and for the increase in value of the dollar in comparison with the sol. He estimates that the two currencies have reached par value, that is, 130 soles per dollar.

Finally, he said that the government could dictate an immediate political and labor amnesty if the beneficiaries agree to act within the law, even though they maintain their ideological differences with the regime.

1978 BUDGET SET AT $2.2 BILLION

PA302008Y Paris AFP in Spanish 1700 GMT 30 Dec 77 PA

[Text] Lima, 30 Dec--It was officially announced today that the Peruvian Government's budget for 1978 will be 289.74 billion soles ($2.2 billion). This figure is 24 percent higher than the 1977 budget. According to the planned outlays, 12 percent of the budget will be allocated for investment projects.

The law approved today establishes a system of controls by the comptroller general so that "severe austerity measures" will be applied to expenses, the purchases of material and research projects.

NEW MINISTERS SWORN IN AS MEMBERS OF CABINET

PA301729Y Madrid EFE in Spanish 1718 GMT 30 Dec 77 PA

[Text] Lima, 30 Dec--The new ministers of energy and mines, health and labor today joined the Peruvian Government's military cabinet. The swearing-in ceremony was held at the government palace in the presence of President Gen Francisco Morales Bermudez.

The new ministers are Gen Juan Sanchez Gonzalez for energy and mines, Air Force Maj Gen Jose Garcia Calderon Koechlin for labor, and Air Force Maj Gen Oscar Davila Zumaeta for health.

They will assume office officially on 1 January when the new ministry reorganization becomes effective.

MENDEZ SPEAKS TO NATION, ATTACKS 'FORCES OF VIOLENCE'

PA012144Y Buenos Aires LATIN in Spanish 1850 GMT 1 Jan 78 PA

[Text] Montevideo, 1 Jan--President Aparicio Mendez has stated that the forces of subversion that were defeated in Uruguay "when they almost had the fate of the fatherland in their hands cannot forgive us and are using the legend about violations of human rights--the same human rights they denied and trampled on--to try to overthrow us."

In his end-of-the-year message broadcast last night on a radio and television network, the president said that "Uruguay's true image is rising above defamation and intrigues to once again show itself clearly to the world." In several parts of his speech, Mendez noted the order and security that prevail in the Uruguay of today. He stated that as long as the present regime is in power, "there will be progress and the citizens will fully enjoy their human and individual rights."

Mendez stressed that in reliable and well-informed sectors, Uruguay--because of the security and stability that it offers--is regarded as one of the most suitable countries for the establishment of industries and making of investments. He stated: "We should not forget that we live in a very violent world where the brutal forces of violence are unexpectedly brought back to life and find international organization and support that makes them more fearsome."

"Great nations," he added, "that have institutional strength can still overcome this evil without being shaken, but small nations weakened by political corruption will inevitably disappear from the map of the free if they do not find within themselves the necessary forces to react and survive."

Mendez noted that many of his government's efforts "have unfortunately been aimed at fighting the ill consequences of a systematic defamation campaign--the new political weapon of terrorism and subversion--and of many men--why not say it?--who had to be removed in order to carry forward this effort of total national recovery."

The Uruguayan president warned that those who think "that the fate of a dignified people" can be changed "or a well-intentioned government destroyed by means of clumsy defamation campaigns" are wasting their time. He characterized international life as a spectacle of uncertainties because of the "hunger for conquest of some, the struggle for survival of others and the infamous activities of terrorism and sedition."

He emphasized that security and order "are the food of progress and liberty." He added: "The task of providing the people with security and order is a difficult and--apparently--endless task."

The president noted that "quite often a new terrorist cell is surprised or an incorrigible criminal is arrested." Mendez pointed out that "apparently, these men with disturbed minds can no longer lead a normal life." He added: "I think the people should be grateful to the armed forces and to the police."

Mendez urged the youth "to carefully study the mistakes of our generation in order not to commit the same mistakes, thus sparing the country great harm." He said: "The blood that has been spilled in our streets and the tears of our women have been the tremendous price we had to pay, but this has allowed the flourishing of a new Uruguay."

The Uruguayan president thanked businessmen, farmers, cattlemen and workers for their efforts on behalf of the country's well-being.

President Mendez appealed for mutual trust between the rulers and the governed, "since only in this way, only by uniting all efforts of the nation, will Uruguay reach the end of this phase in the near future."

GOVERNMENT COMMUNIQUE REPORTS 1977 GAINS

PY311900Y Montevideo Cadena de Oro del Interior in Spanish 1500 GMT 31 Dec 77 PY

[Text] Uruguay experienced a climate of tranquillity and work during 1977, a direct result of the social peace sustained by the government decision to strengthen the spirit which encouraged the coming of the civic-military government in 1973.

This statement is made in a communique released by the Presidency of the Republic, emphasizing the main achievements by the government during the year.

Social peace allowed a year of uninterrupted work without labor conflict and with labor centers working at full capacity. In addition, there was unrestricted defense of human rights and a struggle against the international anti-Uruguay campaign mounted by organizations trying to interfere in the institutional process, the communique adds.

The national institutional process progressed, with the approval of Institutional Acts 6, 7 and 8 reorganizing the electoral system, providing order to the present and future situation of the public labor sector, and organizing ordinary and administrative justice.

The communique also notes that the struggle against inflation reduced the 1976 national deficit by 50 percent, reduced public expenses, and eliminated [as heard] tax evasion and fraud. Infrastructural economic measures were adopted in public works; public health programs received priority attention, reducing great debts; and labor-management committees were created and began operating in the labor sector.

The government especially made a point of supporting the private sector as a source of work, by declaring several important investment projects to be of national interest. The fishing policy created is listed as one of the most important job sources.

Education and culture this year achieved two main victories: a family allowance for minors and reorganization of the child council.

Furthermore, training courses were created and more than 3,000 people attended.

In conclusion, the communique asserts that the unity of all Uruguayans is even stronger, while the institutionalization process has developed greatly with the announcement this year that general elections will be held in 1981.

ARMY, AIR FORCE CHIEFS TO STEP DOWN IN 1978

PY302013Y Buenos Aires LATIN in Spanish 1940 GMT 30 Dec 77 PY

[Text] Montevideo, 30 Dec--Lt Gen Julio Cesar Vadora today officially announced that he will leave the post of commander in chief of the Uruguayan Army in 1978.

He added that Brig Gen Dante Paladini will leave the post of commander in chief of the air force at the same time and for the same reasons which are given by military regulations which establish the terms in office.

Vadora stressed that their replacement "does not mean changes in the framework or leadership" of the current Uruguayan civilian-military process and added that their replacements will be chosen by the council of commanding generals of each branch.

During an impromptu press conference, Vadora admitted the possibility that in 1981 the two traditional parties (Blanco and Colorado) will present their candidates at the elections scheduled for that date.

However, he said that "the armed forces are traditionally well-organized forces and have well-considered frameworks; thus they do not deal with problems in a disorderly manner but do it orderly and after extensive studies."

So far, the officially announced plan foresees the implementation of the elections on the basis of an agreement between the two parties aimed at appointing a single candidate which will have the support of the armed forces.

Vadora reasserted that this is not the right time to discuss politics because the people must concentrate on working for the development of the country.

The army commander said: "We must try to have the people forget political problems."

He added that the people must "basically support two major goals." First, development "which is necessary to strengthen Uruguay and to allow the people to achieve their well-being." Secondly, he mentioned "tranquillity to which our people are entitled so that, reflecting over past errors, we may again have the country we want."

Regarding subversion, Vadora noted that in addition to its specific duties, the army complied this year with "the unpleasant task of permanently devoting its greatest efforts to controlling subversive movements, which still exist and which are trying to force our country to endure negative consequences."

In this regard, he mentioned the recent arrest of Argentine Montonero members who "tried to convert Uruguay again into a center of organized movements."

He also criticized the action carried out by those inside and outside Uruguay who "are trying to confuse the public and make the people again harbor resentment and distrust toward the country's leadership, through their negative propaganda."

GOVERNMENT PUBLISHES OIL PRODUCTION FIGURES

PA3113402 Caracas Diplomatic Information Service in Spanish 1645 GMT 30 Dec 77 PA

[Text] Caracas, 29 Dec (VENPRES)--Gen Rafael Alfonso Ravard, president of Petroleos de Venezuela, has said that the company invested more than 500 million bolivares in oil exploration and research during 1977, drilling more than 60 exploratory wells and executing 5,500 km of seismographic lines during the year. Ravard was speaking at the Venezuelan Technological Oil Institute. He said that during 1977 oil production was maintained at 2.24 million barrels a day, "managing to counteract the serious natural [natural] depletion of the deposits through the investment of 1.6 billion bolivares in 543 development wells and executing important secondary recovery projects on Lake Maracaibo's eastern shore."

Ravard said that almost 1 million barrels of oil were refined per day, producing more than 130,000 barrels of gasoline per day for the domestic market, which increased by 13 percent over the previous year. Approximately 2 million barrels of oil were exported per day, of which 500,000 barrels a day were sold to more than 50 nontraditional customers, including 100,000 barrels a day to government oil corporations.

"A total of 11 new contracts were signed during the year for the sale of heavy and extra-heavy crude for a total of 60,000 barrels a day, which means that 34 percent of the country's oil exports now consist of heavy and extra-heavy crude." He estimated that the nation obtained 41.71 bolivares for every barrel of crude produced, almost 3 bolivares per barrel higher than the amount obtained the previous year, which is also the highest amount received in the country's history. "Government earnings amounted to 27.6 billion bolivares, also higher than in 1976. Total investments made during the year amounted to 2.4 billion bolivares."

NATURALIZED CUBAN'S CITIZENSHIP REVOKED

PA0112002 Madrid EFE in Spanish 0113 GMT 31 Dec 77 PA

[Text] Caracas, 30 Dec--The Venezuelan Interior Ministry today revoked the Venezuelan citizenship of nationalized Cuban cardiologist Tebelio Antonio Rodriguez Maseda, president of the Anti-Castro Confederation of Cuban Civic and Patriotic Organizations [COCPAC]. Rodriguez Maseda was released last night after spending 8 days incommunicado in the Directorate of Intelligence and Prevention Services [DISIP].

His arrest, together with two other Cuban leaders, was the result of an investigation to determine possible connections between Cuban exiles living in Venezuela with the members of anti-Castro organizations responsible for the recent attacks against Venezuelan properties in the United States. In the last few days, the offices of the Venezuelan VIASA Airline in Miami and the Venezuelan consulates in New York and San Juan, Puerto Rico, were bombed by groups that oppose Fidel Castro's regime in Cuba.

The Interior Ministry's decision to revoke the nationality of the Cuban leader states that he, as president of the COCPAC, makes statements and publishes manifestos that clearly reveal his intention to make willful and repeated use of his original nationality. The unusual decision was interpreted here as a serious warning to other Cuban exiles living in Venezuela who have any connection with the anti-Castro terrorist groups and leaves one to presume that Rodriguez Maseda had some prior knowledge of the attacks.

GUERRILLA LEADER KILLED AFTER ROBBING BANK

PA292301Y Madrid EFE in Spanish 2200 GMT 29 Dec 77 PA

[Text] Caracas, 29 Dec--It was officially reported today that guerrilla leader Federico Bottini Marin, one of the most sought in Venezuela, was killed last night when the police surrounded him.

He was killed in Turmero, 100 km west of Caracas, where the police had pursued him after he robbed a branch of the Banco del Centro Consolidado in Maracay a few days ago.

The police report indicated that after the bank robbery in Maracay, members of the Judicial Technical Police followed the guerrilla's trail to a hideout in the town of Turmero.

The police surrounded Bottini Marin's hideout and used loudspeakers to demand that he surrender. Bottini Marin came out firing an automatic weapon, with which he seriously wounded a policeman. He was then killed.

One month ago, Bottini Marin and his group, whose number is unknown, robbed a branch of the Union Bank in the coastal city of Turacas, Yaracuy State. They stole approximately $75,000. The total amount stolen in both robberies comes to $200,000.

The report adds that Bottini Marin did not have any of the money stolen from the Maracay Bank at the time of his death. The police are currently searching for the other members of the group.

PUBLIC DEBT INCREASES 54.5 PERCENT DURING 1977

PA300214Y Buenos Aires LATIN in Spanish 0037 GMT 30 Dec 77 PA

[Text] Caracas, 29 Dec--A Venezuelan Central Bank report revealed that this year the public debt showed a 54.5 percent increase over the previous year and reached a total of $8.049 billion.

The bank report added that the increase amounted to $2.840 billion over the 1976 figure.

The debt with foreign banking organizations increased to $4.778 billion compared to the $3.190 billion at the end of 1976, the Central Bank said.

Officials explained that to a great extent this "considerable increase" is due to a $1.200 billion agreement signed with 111 foreign commercial banks, the selling of four bond issues totaling $425 million in international markets and a $350 million loan with an international banking trust to finance and refinance the debts of state-owned concerns.

TORRIJOS REPORTS ON MEETING WITH DOLE, LAXALT

PA3019583Y Panama City Domestic Service in Spanish 1730 GMT 30 Dec 77 PA

[Press conference by Panamanian Chief of Government Gen Omar Torrijos after meeting with U.S. Senators Robert Dole and Paul Laxalt at his home in Panama City on 30 December--recorded]

[Excerpt] Panamanian Chief of Government Gen Omar Torrijos said today that people cannot keep waiting for ratification to settle their conflicts. General Torrijos said this at the end of a meeting with U.S. Senators Robert Dole and Paul Laxalt who also spoke to the press regarding their position on the canal treaty. This is what General Torrijos said: [begin recording]

I had the impression that they were more close-minded regarding the problem and that they were completely short-circuited [corto circuitados] insofar as seeing things as they wanted them to be. We spoke of everything without any conditions and I feel that they now have a good combination of the truth they had gathered from their electorate and the truth they have discovered in the protectorate. I have the impression that when the time comes they are men capable of sacrificing themselves--I mean sacrificing their electorate for the sake of eliminating a protectorate. That is my impression.

The talks were very cordial, very respectful and even with good humor.

[Question by unidentified newswoman] [words indistinct] the economic question?

[Answer] Yes, we did discuss the economic question. Nicky [Planning and Economic Policy Minister Nicolas Ardito Barletta] was able to explain to them that the figures given them were not the right ones. And I explained to them that I sincerely would like to owe the United States $3 billion because that country lends to a country one-fifth of what that country is worth. If that is so, we would be worth a lot.

Then Nicky explained to them seriously that we do not owe U.S. banks more that $400 million. I say that if we owe a lot it is because we are good credit risks. It is an act of irresponsibility for a government leader not to take advantage of all available credit sources for development.

Now you [reporters], go to the Canal Zone and listen to what they say over there and then come and tell me. [laughter]

[Question by unidentified newsman] General, they said the other day that ratification could be delayed until 1981 or 1980. Did you talk to them about this?

[Answer] I did not talk to them about that. I did ask them to give an answer, any kind of answer, favorable or unfavorable, that even nonratification was an answer. I told them that nations, like men, cannot be kept waiting for a decision. Even if the treaties are not ratified, it would give our country more calm than if we are kept waiting.

They are simple men. They do not smoke. They did not even accept a cigarette. All they accepted was a cup of coffee. [laughter] They are not demanding. [end recording]

PRESIDENT LAKAS ISSUES YEAREND MESSAGE

PA020325Y Panama City LA ESTRELLA DE PANAMA in Spanish 1 Jan 78 pp 8, 33 PA

[End-of-the-year message issued by Panamanian President Demetrio Basilio Lakas on 31 December 1977]

[Excerpts] In order to make the end-of-the-year assessment for 1977, Panamanians must view what has happened around the world this year.

This year we have reached what we hope is the final stage by setting a fixed date for the treaty that will resolve the canal problems.

The Panamanian calendar has two unforgettable dates this year, 7 September and 23 October. On the first date, together with our Latin American brothers, we signed the Torrijos-Carter treaty amidst world expectation and admiration. On the second date, the Panamanian people, called to an unprecedented civic action, ratified the treaty.

Since then, and up to the present time, there have been unceasing efforts to insure the U.S. Senate's ratification of this document, which has already been symbolically ratified by most of the canal's users and by many other countries in the world.

I must note that on the various occasions that U.S. personalities or groups have come to Panama to learn the truth about this treaty, Panamanians have acted with the greatest patriotic responsibility.

In the domestic sector, in 1977 our economy was affected by conflicting factors well known to all of us. Some of them have been our fault, and others are related to the uncertainty regarding the treaty's ratification. But above all, despite these factors, we have honored our commitments, maintained a balanced economy, maintained order and promoted harmony.

Confronted by an urgent situation, we have taken measures to solve it. Of course, many have criticized the errors in these measures, but the government is pleased to know that despite this criticism we have eased the hardships in many homes, which has resulted in a merry Christmas for many youngsters.

In short, we can say that this year has been like a launching pad from which we can plan our future in more ways than one.

In regard to our domestic policy, in 1978 we are faced with the obligation to renew the key personnel in the decision-making sectors. During the coming year, Panamanians--with citizen rights--are going to elect the Corregimiento representatives. This will determine whether we want to insure the continuance of the revolutionary process that emerged on 11 October 1968, or if on the contrary we want to return to the situation we all know so well and which prevailed in the country for so many years.

In order to make a decision at this important crossroads, all Panamanians--electors and candidates--must have a weapon which will be the only one effective on that day, their vote freely cast and honestly counted.

in another aspect of our future, the one related to the treaty, the coming year presents an uncertain aspect which apparently will be decided in favor of our just interests. However, regardless of the historic decision taken by the U.S. Senate, Panamanians will [illegible] in a manner befitting our maturity, our right and our sense of responsibility to our country and the world.

FORMER FOREIGN MINISTER AQUILINO BOYD URGES AMNESTY

PA3112O5Y Panama City Televisora Nacional in Spanish 2315 GMT 30 Dec 77 PA

[Jose Hernandez interview with former Panamanian foreign minister Aquilino Boyd--recorded; date and place not given]

[Text] [Question] There is a controversy about the advisability of the visits to Panama by U.S. citizens who are for or against the new canal treaties. What is your opinion about these visits?

[Answer] I am very much in favor of those visits because I believe that the Panamanian cause should be made known as widely as possible throughout the world. As you can recall, since the meeting of the Security Council in Panama in 1973 the Panamanian cause has been internationalized to such a level that today even the most remote corners of the world know about the Panama Canal issue and Panamanian-U.S. relations.

I feel that it is very advisable to have visits by these important individuals, particularly the U.S. senators who will participate in the ratification of the treaties in February. They will be able to obtain firsthand knowledge of the reality of this colonialist enclave that cuts our country in half and which is an anachronism that must disappear. I am sure that many of them, even those who most oppose us, once they come here and speak with our people and realize that there is a high degree of discrimination which is not tolerable in today's world, will leave the country with very good impressions. Those visits are favorable from all points of view.

[Question] Do you think that the main subject of the inquiries made by the visitors, particularly the senators, is the treaty or the Panamanian system of government?

[Answer] I think it is very important that Panama, which has been able to easily sell its cause to the world and which has received support throughout the world for our effective sovereignty over all the national territory, should be able to shake off all accusations dealing with human rights or political affairs which might be used in the U.S. Senate as a battle cry to oppose a ratification that is being awaited not only by the Panamanian people but by the whole world. I think we should carry out an international campaign to get the most authorized representatives of peoples--I would say these would be the congresses of the Latin American and the Third World countries, which are almost all represented in the nonalined group--to issue resolutions asking the U.S. Senate to ratify the Panama Canal treaties.

Along with this intense international campaign, which is a continuation of the very constructive and serious efforts made by Panamanian Ambassador to the United Nations Jorge Illueca during the past UN General Assembly, I believe that on the domestic front the chief of government should give concrete proof that the national unity, which allowed us to gain world support of our cause, is a reality that is maintained at a time when the U.S. Senate will be debating ratification of the treaties which were signed in September.

I am very much in favor of the chief of government issuing a general amnesty and permitting the free registration of political parties. He should announce these two concrete measures before the Senate's ratification because I honestly believe that it is the most effective way of showing the United States and the whole world that in Panama we desire a united family, living in a democratic, progressive and free way as our forefathers always wanted.

COMPTROLLER REPORTS ON 1977 BUDGET BALANCE

PA030256Y Panama City Domestic Service in Spanish 1730 GMT 2 Jan 78 PA

[Announcement by Panamanian Comptroller General Damian Castillo on 2 January 1976; recorded]

[Text] I was interested in giving this report in order to explain the central government's budget balance for the year 1977.

It is important to note that only one day after the end of the year we have already summarized the details of the budget balance for 1977.

The central government's regular revenue [ingresos ordinarios totaled 379.3 million balboas, itemized in the following manner: regular revenue, 342.7; contributions by decentralized agencies, 12 million balboas; and refinancing, 24.6 million balboas, which totals 379.3 million balboas.

Regular spending totaled 380.3, which leaves a deficit in the regular budget of 1 million balboas. This is the best budget balance in over 10 years.

Central government spending has been rationalized [racionalizado]. The 380.3 million balboas in regular spending includes the emergency plan up to 31 December. This amounted to 900,000 balboas, including wages for 8,373 workers up to 31 December; in other words, this figure includes the last payroll in December.

I will now itemize regular spending: personal services, 186.8 million balboas, which includes wages, special allowances, travel expenses and overtime; nonpersonal services, 5.8 million balboas; overall services, 20.6; transfers, 66.2, which are subsidies given by the central government mainly to decentralized agencies and also include subsidies to retired workers; servicing the public debt, 100 million balboas. This totals 379.4 million balboas, in addition to the emergency plan which up to 31 December totalled 900,000 balboas.

MINISTRY LIFTS SUSPENSION OF COFFEE EXPORTS

PA022011Y Panama City Domestic Service in Spanish 1730 GMT 2 Jan 78 PA

[Text] Dr Rafael Castrellon, deputy director of the Agriculture Development Ministry's Region I, hereby informs all coffee producers in the Chiriqui Province highlands that the government's coffee committee decided on Friday to lift the coffee export suspension that had been previously announced.

This decision is established in an official telegram sent by the Agriculture Development Ministry to Region I on 30 December.

DETAILS GIVEN ON FORTUNA HYDROELECTRIC PROJECT

PA311230Y Panama City Domestic Service in Spanish 2230 GMT 30 Dec 77 PA

[Text] The Fortuna hydroelectric project, located 50 km northeast of David, Chiriqui Province, is being constructed for the purpose of supplying electric power for the Cerro Colorado mining complex and, through the national electric network, to different regions of the country. In addition to generating electric power, it will control the flood waters of the Chiriqui River and create new development centers in Chiriqui Province. This is a few of the many benefits which will come from the project. We present Engineer Domingo Perdomo, from the Institute of Hydraulic Resources and Electrification's [IRHE] department of projects under construction, who spoke on important aspects of the Fortuna hydroelectric project: [begin recording]

The Fortuna project is part of the country's national electrification program. It is a project designed for partial completion in the year 1981 and full completion in 1982. The Fortuna project will save approximately $25 million ayear in fuel since it will generate approximately 2.3 times the electric power generated by the Bayano project. It is part of the policy which has been implemented by the IRHE as a government agency to make the country independent of foreign oil as quickly as possible. The project will cost approximately 250 million balboas and, during its construction, will employ thousands of workers.

The project consists of the hydroelectric central which is made up of a series of tunnels which take the Chiriqui River water toward the machine room located 430 meters underground. After its use, the water is discharged through another tunnel. The machine room will contain the turbines, generators, transformers and all the electromechanical equipment.

The electric power produced by the project will be transmitted over a 230 kv line from Fortuna to David, where it will be tied into the national power network through the line now under construction from Divisa to David. The power line from Panama to Divisa has been completed. Its integration with the power lines of the central provices will be completed in the first few days of January. Once completed, the energy produced by Fortuna and Estrella de Los Valles--which will be completed by tne end of next year--can be used throughout the country. [end recording]

PANAMENISTAS ASK FOR SUPPORT FOR 8 JANUARY CONVENTION

PA302118Y Panama City CRITICA in Spanish 30 Dec 77 pp 1, 18 PA

[Text] With her arms open wide, Maria Santodomingo de Miranda addressed the members of the Panamenist Party's National Board, Political Committee and Organizing Conention, asking for the greatest cooperation concerning the Panamenist Party's convention to be held on Sunday, 8 January in Santiago de Veraguas. Present on the dais were Guillermo Endara, Jorge Pacifico Adames, Luis Felipe Clement and Jose Salvador Munoz. Also attending were Emilio Royo Linares, Adolfo Herbruger, Jr., Walter Meyers, J.J. Espino, Jose Maria Diaz, Pascual Urena, Miguel Batista, David Arce, Aristides Vernaza, Carlos Greco, Carlos Salazar, Victor N. Juliao, Napoleon Salazar, Juan B. Chevalier, Demostenes Vega Mendez and Hector Penalba.

The meeting was held in a restaurant outside of Panama City.

GUATEMALA

SECURITY FORCES ON ALERT FOR GERMAN TERRORISTS

PA302123Y Guatemala City Radio Fabulosa Network in Spanish 1720 GMT 30 Dec 77 PA

[SERCANO Network]

[Text] Guatemalan security forces have been placed on the alert in view of reports that 19 terrorists of the German Baader-Meinhof organization may have entered Guatemala.

The German terrorists may have arrived in the country from Mexico. Mexican authorities have warned the Guatemalan police about this possibility. The security forces have full data on each member of the group, including names, past records, physical descriptions and so forth. The terrorists have entered the country as tourists and may be anywhere in Guatemala. The group is composed of 12 women and 7 men, who may have arrived in Central America after having evaded the surveillance of the Mexican authorities.

According to Interior Minister Donaldo Alvarez Ruiz, the group is secretly meeting in Guatemala to prepare an international action plan. Photographs of the 19 terrorists have been distributed among the security forces, which have launched an intensive search throughout Guatemala. The government will not allow terrorist activities to be planned here and is using every recourse available to discover the Germans' whereabouts.

CHESTER LACAYO GIVES PRESS CONFERENCE IN GUATEMALA

PA022018Y Panama City ACAN in Spanish 1729 GMT 2 Jan 78 PA

[Text] Guatemala City, 2 Jan (ACAN-EFE)--Chester Lacayo y Lacayo, the Nicaraguan who spent about 19 years in prison in Havana, Cuba, is in Guatemala where he arrived last week after his release, which was granted following efforts by the Honduran foreign minister and the Swiss Embassy in Cuba.

In a press conference here, Lacayo said he intended to go to Honduras and then Colombia, where he will arrive on 4 February, to meet with his wife. Lacayo emphatically denied that he had "even once" been a member of the CIA, a charge made by the Fidel Castro regime in Cuba. He defined himself as a democratic revolutionary but "not communist or socialist" because he is against all acts of terrorism.

About the future he said that despite his 61 years of age he intended to return to Nicaragua when the political situation in the country has stabilized. He indicated that "it is time for Nicaragua to liberate itself and return to democracy."

FORMER FOREIGN MINISTER KIDNAPED

PA311911Y Buenos Aires LATIN in Spanish 1851 GMT 31 Dec 77 PA

[Text] Guatemala City, 31 Dec--Former Guatemalan foreign minister Rodolfo Herrera Ibarguin was kidnapped today by an armed group. His family reported that the kidnapers killed his two bodyguards. Herrera, who is 54-years old, is a businessman and owner of a sugar mill. Herrera's relatives told LATIN that the kidnapers intercepted the car in which he was driving to his farm about 20 km south of here. They said: "The kidnapers killed the two bodyguards and took Herrera Ibarguin." Herrera Ibarguin was government and foreign minister during President Carlos Manuel Arana Osorio's administration from 1970 to 1974.

EL SALVADOR

AUTHORITIES ALERTED ON GERMAN TERRORISTS

PA3104153Y Panama City ACAN in Spanish 2205 GMT 30 Dec 77 PA

[Text] San Salvador, 30 Dec (ACAN-EFE)--The newspaper EL DIARIO DE HOY today reported that the Central American security agencies have been alerted in view of the possibility that 19 German Red Army terrorists are in Central America.

The newspaper added that upon learning of the arrival of the terrorists, the Guatemalan authorities took the necessary precautions and notified their Central American colleagues.

The newspaper stated that the Salvadoran authorities already have the names and personal data of the 19 terrorists. This information has been given to the customs and immigration agents at the border posts and the Ilopango International Airport.

The terrorists, 12 women and 7 men, are considered dangerous since they have participated in various actions including airplane hijackings, dynamite attacks, kidnapings and other crimes.

FARN CLAIMS RESPONSIBILITY FOR RECENT KIDNAPING

PA3016315Y Panama City ACAN in Spanish 1520 GMT 30 Dec 77 PA

[Text] San Salvador, 30 Dec (ACAN-EFE)--The self-styled Armed Forces of National Resistance [FARN], a subversive group operating in El Salvador, today claimed responsibility for the kidnaping of businessman Victor Safie on 22 December.

In a communique sent to various information media, FARN stated that "so far, a series of conditions have been given (to the family) of which we will inform the Salvadoran people at the right time." Further on the communique says: "However, 8 days have passed since his capture and his relatives have not been able to meet the conditions imposed by our organization."

According to the terrorist group, the family has not been able to meet the conditions because authorities have prevented them from doing so. Consequently, the communique adds: "Our organization informs the people that if this obstruction continues, Mr Victor Safie will be executed and it will be these men's fault."

The communique is dated 28 December 1977 and contains an account of the industrialist's alleged economic connections, which include La Estrella Factory, Rayones de El Salvador, La Hilcsa, the Mercedes Benz distributorship and others.

ARMY PROMOTIONS AND RETIREMENTS REPORTED

PA0212015Y Panama City ACAN in Spanish 1724 GMT 1 Jan 78 PA

[Text] San Salvador, 1 Jan (ACAN-EFE)--Some 20 colonels will be retired and four will be promoted to generals in the Salvadoran Army, reliable sources said here today.

The new generals are Jose Ezequiel Bonilla, commander of the Third Brigade stationed at San Miguel; Luis Ernesto Martinez, commander of the Second Brigade stationed in Santa Ana; Ramon Alfredo Alvarenga, director general of the National Guard; and Jose Luis Remon Rosales, chief of the Armed Forces General Staff.

It was learned that some 20 colonels, all holding high-ranking positions in the army, will be retired. This action is in accordance with service regulations in the military code.

NICARAGUA

SALVADORAN PRESIDENT MEETS WITH SOMOZA

PA310206Y Paris AFP in Spanish 2132 GMT 30 Dec 77 PA

[Text] Managua, 30 Dec--Nicaraguan President Anastasio Somoza and Salvadoran President Gen Humberto Romero met near here today to discuss the conference of the five Central American presidents which will be held in January.

The presidency reported that the meeting was held in the presidential Montelimar residence, 50 km southeast of Managua.

The Central American summit meeting is scheduled to be held the beginning of January.

SOMOZA INVITES ALL TO VOTE IN FEBRUARY ELECTIONS

PA011743Y Paris AFP in Spanish 1714 GMT 1 Jan 78 PA

[Text] Managua, 1 Jan--Nicaraguan President Anastasio Somoza today asserted that the political dialog with the opposition slated for March will establish the "foundations for national harmony."

In a speech to the nation, Somoza insisted that the people of Nicaragua "enjoy full liberty and the peace guaranteed by the army" and invited the citizens to vote in the February municipal elections, the first of this kind to be held in this country in 24 years.

MANAGUA ARCHBISHOP MAKES 'DRAMATIC' NEW YEAR SERMON

PA021322Y Managua Radio Corporacion in Spanish 1220 GMT 2 Jan 78 PA

[SERCANO Network]

[Text] Managua Archbishop Monsignor Miguel Obando y Bravo delivered a dramatic New Year's sermon yesterday. The sermon, which was heard by Nicaraguans over a nationwide radio network, was termed by the public as one of the most dramatic and vigorous of those made by the energetic and controversial Nicaraguan archbishop. Among other things the monsignor asked for peace, qualifying it as a peace which means ending torture, unjust imprisonment, disappearances and all acts generally known as dictatorial repression.

Monsignor Obando referred to the political situation, speaking in favor of the national dialog. Undoubtedly this is the first message by a religious leader of the archbishop's rank in which things are said openly and frankly.

The archbishop concluded by asking for peace and rejecting violence in any form.

MANAGUA DISTRICT MINISTER INTERVIEWED ON SOMOZA, SANDINISTS

PA311200Y San Jose Radio Reloj in Spanish 1730 GMT 30 Dec 77 PA

[Interview with Managua District Minister Orlando Montenegro during recent visit to Costa Rica to attend a Central American congress--recorded; date and place not given]

[Text] [Question] What can you tell us about the assembly and about General Somoza?

[Answer] At present, General Somoza's health is pretty good but, of course, he is under a doctor's care. He has diminished somewhat his working hours. Before his illness he used to work 18 hours a day.

[Question] Is President Anastasio Somoza popular with the people?

[Answer] Undoubtedly, he is popular. He is a young, dynamic, enthusiastic and enterprising man with much personal charm and charisma, as politicians have said lately. In the two elections in which he has run, even the most impartial international observers have confirmed that he has been the winner by overwhelming majorities.

[Question] Have the latest statements made by U.S. President Carter on human rights affected Nicaragua?

[Answer] There is right now what I could call an international black legend that has been built around Nicaragua and against the Nationalist Liberal Party [PLN]. We have been charged with having a dictatorship and a dynasty. Those who do not know the idiosyncracy of the Nicaraguan people and how they have developed their policies perhaps will never understand the situation if they do not act in good faith. The PLN, the party of the majority, has chosen of its own free will--following the assassination of President Somoza--two of his sons to be president of the republic. This has been the decision of a party and, in a democratic context, the decision of a majority electing the authorities. This is a sovereign action that no one can hinder. In the elections in which two Somozas have been elected president after their father's death, the opposition parties have participated.

[Question] And about the Sandinists?

[Answer] The Sandinists belong to a subversive movement that is trying to remove President Somoza and the PLN from power by force. They are a minority that does not have the support of the people because if they did, they would have already effectively aroused the people's conscience. In their latest actions, although the Sandinists thought they would have popular backing and would be able to have the Nicaraguan people take up arms, they did not get a positive answer either in the rural or in the urban areas. This is so not because I say it, but because it is evident.

[Question] Regarding presidential elections, what forms of control are there so that there is no more than one vote per person?

[Answer] Our electoral body is autonomous. It is a state branch. There is the Electoral Branch, the Legislative Branch, the Executive Branch and the Judicial Branch. The opposition party is represented in the Electoral Branch by magistrates and state attorneys [as heard]. We are issuing identification cards so that all Nicaraguans appearing on the electoral registry may be identified so that [words indistinct].

[Question] Why do persons such as Pedro Joaquin Chamorro not participate in the talks?

[Answer] A short time ago I referred to the [words indistinct] is a dissident from his own party. The Nicaraguan Conservative Party is the second largest party in Nicaragua. It is divided into the Conservative Party of Nicaragua and the Nicaraguan Conservative Party, and within that party there is [words indistinct] neither of the two tendencies.

[Question] Has the Nicaraguan press any influence on the people?

[Answer] Undoubtedly, the press is one of the best things there could be. I think that no newspaper owner would change his paper for any political position.

WOMEN ASK SOMOZA FOR RELEASE OF RELATIVES

PA311210Y Managua Radio Corporacion in Spanish 2318 GMT 30 Dec 77 PA

[SERCANO Network]

[Text] The mothers of arrested peasants sent a letter to General Somoza. Today at noon six mothers, sisters and wives of detained peasants arrived at the Presidential Press and Information Secretariat and presented a letter addressed to Gen Anastasio Somoza, president of the republic, to the authorities.

In the letter the women asked General Somoza to release their relatives and, if there are charges against the peasants, to have their trials at common courts. The petition seeks the peasants' release before the year ends, that is, tomorrow, 31 December.

A copy of the letter was taken to Monsignor Miguel Obando Bravo so that he could intercede with the president in favor of the detained peasants.

POLICE STATIONS IN MANAGUA ATTACKED BY GUERRILLAS

PA291238Y Buenos Aires LATIN in Spanish 0415 GMT 29 Dec 77 PA

[Text] Managua, 28 Dec--Bursts of machinegun fire and hand grenade explosions were heard this afternoon in different sectors of Managua when two unindentified groups attacked two police stations located in a main sector of the city.

The attacks were made from taxi cabs that were presumably stolen. The assailants threw hand grenades and fired machineguns at the 8th and 10th police precincts.

The authorities reported that there were no casualties among police officers but that one of the 8th Police Precinct attackers was wounded by soldiers.

Intensive patrols were mounted immediately throughout the city and nearby roads with no positive results so far.

The authorities believe that both attempts were carried out by members of the Sandinist National Liberation Front.

AUTHORITIES CONFIRM ATTACKS AGAINST MANAGUA POLICE

PA311825Y Panama City ACAN in Spanish 1515 GMT 31 Dec 77 PA

[Text] Managua, 31 Dec (ACAN-EFE)--Reliable authorities confirmed here that subversives attacked two police stations in Managua last Wednesday. Previously reports had been contradictory, but Col Alesio Gutierrez, the Managua chief of police himself, confirmed the news.

According to the official account, several unidentified persons last Wednesday fired shots at two police stations in Managua but caused no casualties. The attacks set off a large-scale military deployment. The assailants were traveling in taxis which were identified by the police. Orlando Mora Aguirre, the driver of one of the cars, has been arrested as a suspect. The chief of police said that "the terrorists wanted to kill the soldiers stationed in the 8th and 10th police precincts."

In the meantime, the "Tercerista" faction of Sandinist National Liberation Movement has reportedly assumed responsibility for the attack against the military posts.

FIDEL CASTRO INAUGURATES HAVANA-SANTA CLARA RAILROAD LINE

FL302333Y Havana Domestic Service in Spanish 2222 GMT 30 Dec 77 FL/PA

[Speech by President Fidel Castro at the inauguration of Havana-Santa Clara express railroad service at a location near the Augusto Cesar Sandino Stadium in Santa Clara--live]

[Text] Dear comrades, we are commemorating two things today: The capture of the armored train in the city of Santa Clara and the completion of the first leg of the rebuilding and modernization of the central railroad. Or, we commemorate only one thing: the completion of the first leg on the 19th anniversary of the capture of the armored train. [applause] It seems to us that it is a good way of commemorating this anniversary. At that time, one had to pull up the rails and stop the trains. Now we have to build the lines and run the trains. Now, we do not need armored trains of any type.

The first leg of the central railroad--25 kilometers--was inaugurated in this same province slightly less than 3 years ago. We knew the work we had ahead of us, while the line was being built, because at first work began on the new sections where the line was straight and the train did not have to be stopped. However, the time came when work had to be done on the old sections, and there was much of this work between Santa Clara and Havana. Brigades were concentrated on this leg because the train was being detoured through Cienfuegos, thereby prolonging the trip between Santa Clara and Havana by many hours. Of course, this line was paralyzed. Eleven brigades were assigned to work on the line's railway bed and five brigades on bridges in order to advance rapidly.

With this effort, rapid progress was made with the railway bed--which is what the embankments are called--and in the building of bridges. It was necessary to build some big bridges, like the Canimar bridge, for example, which is a big bridge where the train appears to be traveling in the air.

Nevertheless, the realization of a project like this is not easy because many obstacles appear along the way--housing, especially along the new legs where changes are made; scores, hundreds of houses. A new house has to be built for each of these houses in exchange for the old one. Therefore, any person [who lives] on the line wins a prize [laughter]; he gets a new house. And there are still some left. We are already linked but there are the detours still so as not to cross some cities. For example, in Matanzas we had to go around and make the train go around, and [build] a new station.

We also saw a great number of obstacles on our way here--houses and installations of all types. In other areas--in Colon, for example--the train goes through the middle of the city and we have to make a beltway for the train. These--the beltways or detours as they are called--are last. But the essential thing is that the new necessary legs were rebuilt.

I forgot to say that at the last minute even a dam appeared as an obstacle which forced us to raise the railway bed in some areas around here. There is everything along the way.

Despite all this, and as a result of a truly exceptional effort, communication between Havana and Matanzas and Matanzas and Santa Clara was achieved. A tremendous effort during the last weeks was necessary to achieve this. It was necessary to work day and night to fulfill the goal of reaching Santa Clara on the 30th. It must be said that we passed a short section that was completed at noon today, or 5 hours before this ceremony was to begin. It was really a brilliant, well-organized and gigantic effort and this objective was reached. The train will not have to be detoured any longer. A few small inconveniences still remain until certain connections are made. There is always some little work to be done on the line--leveling and other things. But the train can now go directly from Santa Clara to Havana every day.

Work also has been done between Santa Clara and Santiago de Cuba. There is a total of 400 kilometers of railway bed already completed. The overall total amounts to 880 kilometers plus other kilometers that must be used for railroad yards, stations, and so forth. The kilometers covering the distance of the line are not the only ones measured, but also a number of feeder lines that must be built along the way, thereby increasing the number of kilometers to be built. However, it can be said that we already have almost 50 percent of the railway bed completed between Havana and Santiago de Cuba. This is to complement the first phase. There is a commitment, a commitment established at the first party congress, to complete this line by 1980. I am referring here to the rebuilding and modernization of the line; I refer to the line. A railroad line is a serious matter, especially one of this type which is not of the type that has 200 crossings. It is a really modern railroad line, fenced and without crossings. This takes many hours [of work].

Furthermore, there are telephone communications. There is also a signaling system which comes later. This is very important. They say it is a guarantee against collisions because it is automatic. Even the train is stopped automatically to prevent crashes. In all, the work is big, very big.

What is the importance of having reached here? That now there does not have to be an extensive detour? The new legs have been completed from Camaguey, almost from Santa Clara, from the borders of Santa Clara Province to Santiago. Work is not being carried out over the old line. New lines--the old and new ones. Where the old line remains, it could be rebuilt later for the day when the country might need a double line.

We believe that will take some time but, in any case, almost half of the section will have two railways--the old one and the new one. By maintaining the old one, it will help traffic, both passenger and especially freight service. The train now will not have to be sidetracked, not important ones, and will be able to run on the center line, the one it has always used, some of it new sections and part of it of old sections.

But we have the commitment to complete and connect the service between Havana and Santiago by 1980 with the rebuilt railway. Presently, there are 16 permanent brigades in the construction of the railway. Until today, there were 15--one of them recently organized--and, if my memory serves me well, there were 13 or 14 brigades building bridges. Some of them build the railway bed and others do the installations and bridges. We are planning to increase the force by two more brigades to work on the leg between Mir and Alto Cedro. That section is about 80 kilometers long. We would not like to fall behind over there and at the end not be able to fulfill the goal by 1980. That is why we are going to add two additional brigades.

We believe that those 18 brigades--if they continue to work as they have done so far and perhaps do better still--will be able to complete their task by 1980. Therefore, we believe there will be another event, in Santiago de Cuba, with the workers who have participated in the construction and with the Santiago de Cuba residents to mark this success, the conclusion of a phase of that project. I repeat, why do we say one phase? Because after completing the railway--this is a stronger railway, allowances have been made for expansion for high speed--we have to build a large number of railroad stations. These, the new stations, of course, will not be ready by 1980. A number of overpasses and underpasses will have to be built. Those will not be ready by 1980. The system of signals will have to be built. That also is an important job, very important.

After that, we will have to weld the rails. You know that the railway sections are about 12.5 meters. Then, we will have sections of welded rails about 250 meters long and, much later, they will be 1,000 meters long. There is special equipment to weld those rails which saves all those bolts that are used every 12.5 meters and also the clacking of the train every 12.5 meters. It makes it smoother. The connection then will be every 250 or 1,000 meters. Some will ask, as I have asked, why is it not welded together from end to end? But, that is a law of physics, the expansion of metal due to heat, and an allowance between rails has to be made, so that when it is hot here it expands or in cold weather it shrinks. That is the way it is.

The signal system has to do with safety. Therefore, after we have completed our railroad, the rails welded, all the expansion joints in place, not a single crossroad and all the signals, the train will be able to reach speeds of 160 kilometers. We cannot do it now. In 1980, we will not be able to do it, because it could run into tractors or trucks along the way. Anything can happen. There could be some accidents. With the crossroads, without removing all those obstacles such as the crossroads and without a system of signals, we cannot reach 160 kilometers per hour.

There is something else. An infrastructure is under construction, an embankment which, much later in the future, will make it possible to reach speeds of 200 kilometers. The speed is needed because it saves time. It is not the same thing to have 20 trains in circulation as 40 or 50. Economically, it is much more important. The project is advancing; there is no doubt. We were one of the first countries to build a railroad, as you probably have read in the newspapers. In recent days, a lot has been said about the railroad. In 1837, the first railroad was built in Cuba. So, we were the sixth country of the world to have a railway system. Later, we fell behind. At the time, over a period of 20 or 25 years, lots of railway systems were built in different parts of the country, in Guantanamo, in Nuevitas, between Nuevitas and Camaguey.

At the beginning of this century, the railroads were given a certain impetus, following the U.S. intervention and when all the lands and mills and transportation were given to North American enterprises, which began to neocolonize the country. The railroad was given an impetus. But since 20 or 30 years prior to the triumph of the revolution, the railroads were on the decline. No investments were made. There was a stalemate or, better stated, a falling back. During the first years of the revolution, some projects were initiated, under difficult conditions, for maintenance and improvement of the railroads. It was after 1970 that the revolution devoted itself to carrying out an important program of modernization and development of the railroads, which should logically start with the central railroad systems, and this very serious program of a great magnitude and importance was begun.

It will make it possible for us to again take the sixth place in what refers to the technology and quality of the railroad. Doubtlessly, it will create conditions to have the best railroad system--that is, the most modern-- Latin America, without any doubt.

When the project is completed, of course, there is a lot of work involved in it, lots of years and time, that will be possible. In order to complete this railway, a great effort will have to be made until '80. Between '80 and '85, the rest of which I spoke should be completed. That is why the 160 kilometers [an hour] will be reached in '84 or '85. In the meantime, we have improved a lot, a lot. We believe that between 10 and 12 hours--it would be better to be conservative--can be cut down between Santiago and Havana when the main line is completed. The speeds will not be 160, it will be somewhat more than 100 for passenger trains and a little less for freight trains.

The number of trains will be considerably increased, both passenger and freight. For example, now the trains carry some 12 to 14 million passengers every year. It is estimated that after the completion of the line, after 1980, some 45 million persons will be able to travel on the trains every year.

In other words, passenger capacity is more than tripled and, in a similar proportion, freight. Railroad transportation of freight is more economical. Production is increasing and we cannot be transporting by truck from Havana to Santiago de Cuba, to Camaguey. Transportation is more economical by railroad when certain distances are involved.

Equipment is also being acquired not only for construction. In the past 3 years, 110 locomotives have been acquired and 180 passenger cars, 20 dining and cafeteria cars, 15 mail cars. Moreover, 50 self-propelled coaches with trailers have been acquired. In total value, what has been acquired is the equivalent of 15 new trains, besides the 50 self-propelled coaches.

All this equipment is coming in and by the middle of next year all of it will be in the country. Therefore, it can begin to be used already. This will notably improve... [Castro does not complete thought] and some is being used. But all this, even before 1980, will notably improve railroad transportation. Of course, this productivity of this means of transportation will multiply in those areas where the lines are already completed.

Hundreds of special cars also have been acquired to transport materials, grains, cement, general merchandise, fuel and so forth. Therefore, from 1977 to 1980 we will have progressive improvement of railroad transportation and the people will begin to enjoy all these advantages.

As you know, highway transportation is also being developed. Several hundred new buses for interprovincial transportation...[Castro does not finish thought]. Progress on the turnpike, the national turnpike, is also advancing but at a different pace. By next May it will have three asphalt lanes--the turnpike has six lanes--from Havana to Santa Clara. Santa Clara is fortunate. [laughter] Everything reaches Santa Clara first--the train, the turnpike and so forth. [applause]

I imagine that with those three lanes covered with asphalt, everyone coming from Oriente will not have to take the central highway, which is narrow and dangerous and crosses many towns. And the time in automobiles and buses and in cargo transportation from Santa Clara to Havana will be reduced considerably. Work is also in progress on its sections--in Oriente, in Santa Clara Province.

A little further, we will be able to have half of the turnpike covered with asphalt at least to Placetas. Those coming from Camaguey to Havana will no longer have to pass through Santa Clara. In any case, construction of the turnpike will continue at a slower pace, but it is progressing.

We therefore have a modern railroad system and a highway system that also is modern--two very modern and very important systems, the central railroad and the national turnpike. I believe that this represents a tremendous step forward in the country's communications. As you know, work also is in progress on the construction of ports and piers. Our merchant fleet is being developed considerably. With all this, really... the transportation means are being revolutionized with the revolution.

Work also is being done on telephone communications. And, coincidentally, the automatic communication stations linking Santa Clara and Cienfuegos and Sancti Spiritus, both ways, are being inaugurated today. And automatic communication also is being established from these three central cities to Havana--one way. Calls can be made to Havana automatically, but from Havana this way it still cannot be done because the necessary installations do not yet exist.

But work is being done throughout the country. And it is estimated that by 1980, 66 percent of urban telephone communications will be automatic.

A number of airports also are going to be built in areas not having them, such as Sancti Spiritus, Ciego de Avila, Tunas, Manzanillo; which ones have I not mentioned? I think that the people in Pinar del Rio also are going to build an airport. The ones in Camaguey are going to expand theirs to make it an international airport. The people in Cienfuegos are expanding theirs. Therefore, all the capitals of the new provinces will have their airports, which already are under construction based on a plan that allows future expansion for new types of planes. If an airport is built for a specific type of plane, the type of plane changes in 7 or 8 years and the airport cannot accomodate it. All these airports have been planned for this.

Therefore, we are advancing rapidly in the fields of communications and transportation. But let us not forget the central railroad. Equipment has been acquired not only for transportation but also for construction.

Actually, the brigades have modern equipment. There is good and modern equipment for the construction of embankments, but not as modern as that of the brigades that lay the railway line. It must be said that the railway line brigade, in my opinion, has one of the most modern kinds of equipment existing for this type of work. But one proof of the advantage of this equipment is its productivity. Suffice it to say that no more than 3,400 men are involved in work on this central railroad.

And who are the ones working on the central railroad? I believe that many of them are around here. Who are the ones building the central railroad? Who, among those here, are building the central railroad? (applause) A total of 1,800 construction workers from the 16 brigades are building the central railroad, and some 500 workers from the bridge brigades. They total 2,300. In other words, there are 2,300 construction workers and 1,000 from the Transportation Ministry. Some are building part of it, others other parts. The Transportation Ministry has the brigades composed of the Youth Labor Army with its mechanized columns, the 11th [World and Youth] Festival Brigade, the Third Youth Congress Brigade and the Santa Clara Battle Brigade. [applause] These are the three. Moreover, there is the transportation workers contingent in the First [Party] Congress Brigade [applause] and a number of railroad workers.

Anyway, it is interesting to note how a project of this magnitude is being built by 3,400 men. When the time comes to build the stations, the number of men must increase, because you are specialists in building railway beds, bridges and connecting rail sections. It is good to know who does what. Sometimes some get more publicity than others, and the glory should be spread among all of you in the same manner that the work is spread. In reality, it must be said that the final touches have to be made by the mechanized transportation brigades. They are the ones which lay the rails and make it possible for the train to move. [applause] That is at the end. But we must be fair, we cannot forget those who build the railway bed and bridges. [applause] If they do not build the bed and the bridges, you have no place on which to lay the rail sections and you cannot move that immense equipment which you use, the (Plato), that moves large sections, that marvelous mechanized equipment.

We should not forget the construction workers. They have an important task. They have to move 38 million cubic meters of earth, and have to work very hard. If they are not encouraged and not remembered, they could be disappointed. We need to have the construction workers enthusiastic and know that their effort is recognized. This does not take away all the recognition and admiration that the comrades of the Youth Labor Army [EJT] and of the mechanized brigades deserve for the work they are doing. [applause] They have very modern equipment, but it is also very complex and not easy to operate. They have attained such skill that they operate it practically perfectly.

That is very important. They have finished a considerable number of kilometers in recent days. They have worked day and night to fulfill this goal and have achieved it. I would really say that it is one of the greatest successes of the EJT, of the transportation workers and of our communist youth. [applause] It has been demonstrated here with facts. When one travels for hours on the railway they have laid, it is then that one can realize how much effort, how much sweat, how many hours have been devoted to this project. But, of course, many others have participated in the project as well as other organizations, such as the construction Materials Ministry, in order to supply the materials, the electric industry also, the telephone industry and, summing up, there are a large number. Now I was thinking about those who draft the projects. I was going to mention them later on. But we have them counted among the construction workers, so we can forget that. But I was going to mention them, I have not forgotten those who drafted the projects.

Not only those organizatins have participated, the people have participated. They have built fences, because fences were needed. Despite all that, there was a calf on this side [probably on the railway] today. [laughter] That happened before we reached the Canimar Bridge in Matanzas. In reality, it is an effort and a project that is highly satisfactory for everyone, for all our people, for all of us.

The construction workers are responding. Suffice it to say that the Santiago de Cuba appeal [speech by Ramiro Valdes at the construction day event] has prompted construction workers to go wherever they are needed. Some 100,000 construction workers have responded to the appeal. [applause]

Just now, we have received this message from the Cuban construction brigade working in Angola. When the Angolan war ended, there was an extremely large number of destroyed bridges. Some international enterprises talked about building bridges there. I wanted to know who was going to build them under such conditions. But, above all, they were charging a very high price.

The Angolans asked us. We made estimates and told them that in reality we could build them at a much lower cost. The construction enterprise was organized and a contract was signed for the construction of 23 bridges in 16 months. The commitment was made to build the 23 bridges in 16 months. The country had a tremendous need for these bridges. It was not easy; some counterrevolutionary groups still remained, dispersed throughout the country. To a certain extent, it was dangerous building those bridges in some places.

But we had construction workers capable of building bridges under any kind of conditions, Cuban construction workers. [applause] There was no doubt about that. We had the courage needed to build the bridges and capable men. But the bridges were not easy to build. Here the rivers are small; there they are large, with great volumes of water. They have strong currents. The problem was to know...not only did we have the courage and the skills, but we also had the skills to draft the projects and build the bridges. We said: We believe we can do it. We have the possibilities of draftsmen and workers capable of building them. And the commitment was made.

In reality, this was the first time we made such a commitment, to build outside the country. We said: We must fulfill our obligation. We have to take the best workers over there, the most experienced, to tell you the truth. I had observed that Las Villas was known as a good builder of bridges. You have built the Zaza Bridge and other bridges in this area. [applause] The truth of the matter is that honor should go to those who deserve it.

In recent years the people of Las Villas have stood out as magnificent builders. [applause] And we were saying: Whom are we going to send? Well, let us send a good nucleus from Las Villas. Naturally, selections were made from the entire country. And as the person responsible? Well, let us send Comrade Aldo of Las Villas [applause] because he has built many bridges and we cannot fail, we cannot fail. There was the commitment of building the 16 bridges... [corrects himself] the 23 bridges in 16 months. At first, there were less bridges and more months and it ended with more bridges and less months. But it was a serious commitment.

Equipment was sent. The equipment we did not have was acquired. The workers were selected and the task begun. Ah! But those workers were building with rifle in hand; they had their weapons and defended themselves alone and not with our help. I saw a man with a drill and a rifle, carrying his rifle. They worked with a rifle on their shoulders. In fact, three of them lost their lives, three of them; three died in bandit attacks. Others lost their lives in accidents since working accidents always occur. A total of 7 of them [died] out of a contingent of approximately 450 construction workers. But the fact remains that in my judgment they have performed a real feat. They built their 23 bridges in 10 months [applause], and with great quality. And this not only represents an extremely important service to Angola, it also involves tremendous prestige for our revolution and our workers because we cannot fail to feel pride when it is known that we have men capable of doing this, and when we also know that it is not just a handful of men, not a handful of men. [applause] And if it had not been those 450 construction workers, some 450 others would have done it also, because actually our construction workers--the ones who went to the Republic of Guinea, Vietnam, Angola, Tanzania--spent some time or other there and were then replaced. They were replaced and thousands of construction workers have gone on internationalist missions.

However, these workers of the Cuban construction brigade in Angola have paved the way for a new economic possibility for the country. As the level of our population and of our construction workers grows, there will be possibilities of organizing construction enterprises which can build projects anywhere in the world on an economic basis. In other words, let is say that they have paved the way for a new field of export for this country--the possibility of exporting construction. It is a new possibility.

In the same way, our doctors are paving the way for a new economic possibility for this country, [applause] since there are countries where we are offering assistance. To many countries, if they are poor, we give assistance; we donate it. There are other countries that have resources and propose to contract and pay well for technical services from Cuba, such as medical services--I assure you with a price better than that of sugar. That is certain. This is a possibility for this country.

It shows that the field is broad. The field in which we can offer our services is broad, and consists not only of Cuba. This allows us to expand our universities because it is not a question of having doctors only for Cuba, but doctors who can work in other countries as Cubans and as part of Cuba, not emigree doctors. No, no, no. Brigades of Cuban doctors like those construction workers who servied in Angola. Engineers and technicians of various types who can offer such services are a benefit for this country, and architects and construction workers who can offer services are a benefit for this country. This country is not composed only of sugar and nickel. We do not have to develop only mineral prouduction, sugar production, tobacco production, and so forth. We must develop intelligence. It is not known what a nation which develops its aptitudes to the maximum, its talent and its intelligence is worth, and it is not known what it will be worth. [applause]

Today we can think of these things. It can be done. There were times when we could not. At first, what did we have? What was left to us? A 30-percent illiteracy rate and 90 percent semi-illiterates. How many persons in this country could reach the sixth grade? Out of 10 children registered in the first grade, possibly one could reach the sixth grade, possibly. And this is from the ones who could register for the first grade, since in many places they could not register for the first grade. And what about us now? All the children have attended school for a long time now. First of all, illiteracy was eradicated. A very good film was recently finished which reminds us of those times of the literacy campaign, the 100,000 brigade members who went to the countryside to teach. These were youngsters who today are part of the adult population, since this was 16 years ago. Therefore, those involved in the literacy campaign should now be between 27 and 32 years old, somewhere around there because now our generation... [Castro does not complete thought] but 100,000 went. Those were difficult times. And what a beginning that was, starting with a little spelling book, teaching in each thatched-roof hut. And we succeeded. Today we are no longer in those times. We now have...I no longer speak of primary schooling...we have 880,000 in the middle level and next September we are going to have 1.5 [million] in the middle level, [applause] and at the university level we are going to have 140,000.

Can you imagine how many hundreds of thousands we can develop today, and qualified workers in the polytechnical and technological institutes; and how many engineers, doctors and teachers we can develop.

How many of these youngsters can we take to the universities? What kind of future do our people have with the levels of culture they are acquiring? It is incredible. A country which began the literacy drive 19 years ago today can display these statistics. It is a colocsal advance. It cannot be seen as easily as we can see that school in front of this stadium or the railroad that we traveled. It is an effort that required [applause] great work from our teachers and our professors. How many millions, hundreds of millions and billions of hours devoted to teaching? What will happen to our country from the cultural, educational and technical points of view? It will be seen in just a few years. Within a few years, [it will be seen]. We do not even have to wait even 19 years more to start graduating from our technological institutes, our universities and our polytechnics all the qualified workers, intermediate level technicians and university professionals that we need.

A great future for us opens up in the world. Those possibilities are becoming a reality. And we can respond to them. Cuba can say that; what Latin American country can say that today? Some have large numbers accumulated in the universities, students, but later no one can make them move out of the capital. Physicians, engineers, and teachers graduate but when they have to go to those countries' rural areas, they refuse to go. That is the way it is. They do not go. Many of them finish their studies and go to the United States to make this and that salaries. That is why the United States steals brains from Latin America. If they see that a physician is outstanding, they take him; a researcher, they take him. In other words, they collect the best of those who are outstanding and take them with them. No, we are not training technicians to send them to the United States. No, but if there is a rural community somewhere and they have no physicians who want to go there and they want to contract the services of a medical team, we will send the medical team under contract. [applause] That is something else.

The most important thing is the quality of the new citizens being educated in our country. It is not a matter of staying in Havana or Santa Clara. No, they go to the countryside, to the interior of the island, to Africa, Asia or anywhere they have to go. The number of those who want to go is always greater than the number needed. Always, in all aspects. We believe that a great future is opening up because of that. They are demonstrating it. The 450 construction workers demonstrated it. Which country in this area of the Third World has that kind of men? Men capable of building projects of this type. We are training such a group. The workers of previous generations do not have the levels [of education] that future generations will have; they will be better prepared.

It is something magnificent that our future workers will have twice or three times the level [of education] that our present ones have. But let us make sure that they also have the spirit. Let us guarantee that. [applause] I believe that it is guaranteed. Not only should we guarantee that they have that spirit, but they have still a better spirit, if that could be possible. But if our youth is educated in that example, with the example of those who worked day and night to complete this section, with the example of those workers who sent their message from Angola reporting that they had fulfilled their task, then what a marvelous people we will have in the future. Not only because of their revolutionary qualifications and profound moral qualifications, but also because of their technical skills, heir capacity to create, to work, to produce.

To tell the truth, our working class is characterized by that spirit. Let us think about the sugar mills, for example. There will be no 31 or 1 January [as heard] no New Year's Eve or New Year's Day] for them. Let us think about the workers of those 125 sugar mills which are already producing sugar for the national economy, three work shifts. They do not even have a fourth shift. It has not been possible to do that yet. We do not know when that will be possible. The cause is not a matter of 3 months, now it is a case of 5, 6 or even 7 months. They work tirelessly to keep the sugar production going. When one visits a sugar mill, one can observe the spirit of the mill workers in the midst of the noise, the machinery, the steam. How much they work! And produce! The effort to do their best is admirable, and how much they excel.

In a textile industry or a mechanical industry [industrias mecanical], such as machine shops and many others, the same thing occurs. The feats carried out this year by those workers are not few. To mention one, I will mention Santiago de Cuba's Merceron factory, which has produced more cement than the potential of the factory design permits, more. The factory had a capacity for so much and they excelled it, the factory's capacity. [applause] The Nuevitas thermoelectric plant produces power, overfulfills plans and only uses 274 grams of petroleum per kilowatt, when the average is higher than (?13). Or the case of the Ariguanabo textile mill which has fulfilled its goal several weeks ahead of schedule and also overfulfills its goals. In recent days, it has been normal to observe true feats of our workers in our factories. If we were in Damascus, we would mention others, and in Cienfuegos others. There is no doubt or that, because everywhere we have factories of that type. Lots of factories have fulfilled and overfulfilled their goals. It is a fact that our fatherland has an extraordinary working class, all of them, in construction, in the sugar mills, mechanical industries, textile industries, in the construction materials industry, in all.

For instance, let us think about the millionaire brigades [brigadas millonarias]! They cut cane from dawn until dusk and have contributed toward reducing the number of cane-cutters by a large margin. They and the combines have reduced in 7 years the number of men needed for the sugar harvest, the number of canecutters, from 350,000 to 140,000. [applause] They have reduced the number of cutters by 210,000. And there are many things that 210,000 men can do working at other tasks. This demonstrates it, as I said, 3,400 men, just 3,400 men, built this central railroad. When 350,000 had to go to cut cane, then there were not enough workers for construction and many other tasks. Let us think about those millionaire cane cutters who are now harvesting cane. What human fiber, what high spirits! Because in the past this used to be a hard task. In the past, it was first done by slaves and then by immigrants from the Antilles. Later, it was performed by the unemployed dying of hunger and then, under the revolution, by conscientious workers who work in factories. The millionaire movement has established itself very well. These workers are providing a very special service to the nation, not only because they are producing sugar, but because of the labor force they have liberated [applause] and which permits assigning many workers to industry, other agricultural activities, construction and so forth. There is no doubt that these are big advancements.

In the national assembly we recently discussed how development efforts must be controlled, development in the next 7 or 8 years which is fundamental for us as producers or exporters rather than as consumers. Let us not sacrifice development in order to consume more. There are some instances of that. Let us not place the emphasis on the standard of living. The standard of living will continue to improve anyway, because there are some activities which do not affect development--how to produce more food, more vegetables, more fruit, for instance.

This railroad that we are building, these trains, these air-conditioned railroad cars will undoubtedly improve our standard of living. Each new hospital, every children's circle [círculo infantil], every clinical institution, every basic high school [secundaria básica], every preparatory school in the countryside gradually improves our standard of living because more families can have scholarships for their children to go to school.

We can continue to improve on many counts. There are some imports, for instance, which we receive from the Soviet Union, some nonperishable items which are not in conflict with our development program. There has been an increase in the number of television sets, refrigerators, washing machines and some of the products which we get from the Soviet Union. There will be even more of them without conflicting with our development.

This is the basic idea that we suggested. I want to specify these things so that you can understand them well. This is a good time, a wonderful time to dedicate ourselves here conscientiously, as a conscientious and revolutionary people, and not as those motivated because they have a carrot put in front of them and are moved by the desire to have that carrot. Let the carrot come later as a result of our efforts, but let us not be moved by the thought of the carrot.

The world is experiencing a huge economic crisis. We have explained that. Many countries find themselves involved with fascist regimes. Why with fascism? To lower wages and the standard of living, to increase unemployment and crush the people's protest. Many countries are resolving the economic crisis through repression. And due to the fact that the people's are not willing to sacrifice themselves for the good of the imperialist monopolies, the bourgeoisie and the large landowners, then they have to resort to force, repression, crime, torture and disappearance of people to keep order.

How vastly different that is from our situation. We continue advancing our educational, medical and housing programs. We continue advancing our agricultural and industrial programs. We continue increasing the number of jobs when unemployment today is a **scourge** not only in the underdeveloped countries but also in developed capitalist countries. That is why the unemployed do not know when they are going to emerge from their crisis, while we know how to overcome the crisis, with CEMA.

The number of jobs, as I said recently, will increase by 120,000 next year in a world undergoing one of the most serious crises ever. It is a great satisfaction to us to have a path, which is why we spoke the way we did to the comrades of the National Assembly. That is the wise thing to do, the intelligent thing to do. It is what our country should do under these conditions, to devote itself to work, to devote itself to development, to devote itself to the structural reforms of our economy, to devote itself to productive efficiency by saving material and human resources. There is a mentality of importing. We know how many things we would like to have. We have to develop a mentality of producing and exporting, precisely to maintain and increase our development.

Development is building this new and modern railroad. Development is building the national expressway. Development is building a merchant fleet. Development is building ports.

Development is building a cement factory. Development is building a mechanical industry such as the Santa Clara mechanical plant so as not to have to import equipment for our sugar industry, to produce most of that equipment here because we are the foremost international sugar exporting country. It is logical that we have a sugar industry that is on a par with our production status [applause] and not idle vehicles or machines because we do not have spare parts. We should develop the necessary industry to produce the largest possible amount of spare parts, because you might purchase the equipment, especially the equipment that has to be purchased from capitalist countries--trucks, the buses, bulldozers, freighters, the cranes, everything--and then where do you get the spare parts? They raise the prices of spare parts every year by two, three or four times as much. We have to develop the industry to allow us to produce most of the spare parts that we need. We should devote our effots to this task in the next few years.

As I explained, continuing on this course is made possible by our close relations with the socialist camp, especially our wonderful relations with the Soviet Union. [applause] Since it is our primary sugar customer, it supplies us with equipment, food, fuel-something as important as fuel--partially processed items and many other products which we can acquire by exchanging our products for Soviet-made products at satisfactory prices. These ties create conditions to pursue the course we talked about, to help overcome difficulties, to pass through this period of international economic crisis of which no one can foresee the end, to advance, progress, develop ourselves and further solidify our economy. This is our course. I am not going to talk about international policy here because we spoke about it recently and said all that we had to say about that problem. [applause]

The planners, [laughter] it is very important to have planners. One would have to talk about planners with a basic sense of gratitude not first of all to Cuban planners who have worked well and hard, but first of all to Soviet planners [applause] because they shared with us their experience, their ideas about railroads. The Soviet Union is a country where railroad transportation is most advanced. They helped us draw up plans. That is how it was. However, the project is beginning. If previously I pointed out that without the embankments the rails could not have been placed, we can add that without planners the embankment builders would not have been able to build them, and could not have built, well...[sentence incomplete]

The Soviet technicians have helped us tremendously in planning this project. They have also helped us with machinery. Many of those astounding machines that you have are USSR-built. Moreover, of the 110 locomotives which we bought in the past few years, 83 are USSR-made. [applause]

Now, what can I say about Santa Clara? Santa Clara has been changing, but not like this [laughter], like this, quickly. Santa Clara was a little town when the revolution triumphed. [shouts of no]

Do not say no. What did Santa Clara have? Tell me what. Oh, guava candy. Yes, that is correct. [laughter] Everything I see, every time I think of an important industry, it is contemporary, from the time of the revolution: brown sugar, guava candy, [laughter] sugarcane juice....

Now that I think of the mechanical plant, was that here? [Shouts of no] When I think of INPUD [National Industries for Domestic Products and Utensils], was that here? [shouts of no] When I think of (Takena), when I think, let us say, of this aqueduct which comes from (Guanabanilla) to here with a water treatment plant and all for you to use and even waste water, was that here? [shouts of no] Well, then, I am right.

When I think of what the University of Las Villas is, what was there before? [applause] What was there? A micro-university. Now it is a university that has almost as many students today as that of Havana in 1959.

When I think of this factory of cross-pieces [traviesas] of 1 million cross-pieces which you are building, when I think of that supermodern textile industry factory which you are building of 60 million square meters, [applause] was there anything like that? What about the food-processing industries? And that stadium [shouts of no] and that hospital [shouts of no] and the new one, or the extensions we are going to build? [shouts of no] And the middle sciences institute, of which I have been reminded? [applause] And the vocational Che Guevara school? And the grade school teachers school? And the sports school which is being built there--I do not know at what stage it is at this time--and the Camilitos school? And the pedagogy school which you are going to have? And the dozens of high schools all around? And the circle educators school [escuela de educadores de circulo]? [shouts of no] Did these just suddenly appear?

And the dozens upon dozens of apartment buildings being constructed? And the modernized railroad? [shouts of no] And that superhighway?

Then, what did Santa Clara have? [laughter] I remember when I had just graduated from law school and came to Santa Clara. There was a captain at Cienfuegos who was a fierce little beast. They arrested me and tried me. Then I came to defend myself. I was lucky not to be kept in jail. I remember Santa Clara. There was nothing here, really, actually. That is the truth.

It must also be said and remembered that the person who was first concerned with the building of new industries in Santa Clara was Che. [applause] The INPUD mechanical plant was one of his works. And not in Santa Clara.

It would be the same if we spoke of Cienfuegos. The number of industries that have been built and are being built in Cienfuegos is respectable. Cienfuegos is helped by its port committee. You do not even have a little port here. Well, first you would have to make a beach somewhere. [laughter] You can also build your little pool. Not being by the side of the sea is no excuse for not knowing how to swim. You can also build your little swimming pool, which is what will have to be done to develop the sport of swimming. there is a little project around somewhere to build your little pool, to develop sports also. It is not very expensive, not very expensive.

Anyway, I think we have to admit that we have some things. I also feel that in the future we will have more. Above all, the time will come when housing will be promoted more and we will be able to undertake an initial plan of 30,000, and then another initial plan of 60,000, 80,000 and even 100,000. We have already spoken of this. The housing question is one to which attention must be given. At present, the rate of construction of high schools, vocational schools are all the other types I have mentioned--what we have been building for years--is high. Year after year at this rate we have no idea of how many schools we can build. Of course, our rate of road construction is good, and if we keep it up, we do not know how much more we can build in another 8 to 10 years.

Our rate of construction of dams and small dams, dairies and agricultural projects is satisfactory. Our rate of railroad construction is high. Can you imagine when the central railroad is completed, almost 1,000 km? These 18 brigades building in other areas can start other branches. This rate of construction is satisfactory. When we finish this one, we will start other branches and will continue.

The rate of housing construction is not satisfactory. Of course, there is something else. Housing is related to the standard of living. But housing is a necessity, and a housing shortage creates many problems. In the coming years, one of the things we must increase is housing construction, one of the fundamentals.

We also mentioned the construction of industries in the next few years. Those were the two main efforts. Housing will improve living conditions--this is not deferrable, we cannot do without this--and we will have the resources. These new cement factories will give us the necessary cement, as will the new quarries we are developing, the new construction material industries we have started and are starting, all these will enable us to handle an increase in housing construction.

I believe that Santa Clara will also participate in this project proportionally. Of course, we are not going to build only in the city. We cannot dedicate ourselves to building up the city [applause] to the detriment of agricultural workers, the farm workers. We must have a balanced construction plan because the conditions in the countryside are still poor, very poor, particularly those of the agricultural worker. They are still very bad. Urban and rural construction has to be done on an equal basis. We will continue advancing.

We can also say that Santa Clara has always had a magnificent political and revolutionary attitude. [applause] It has good workers and students. You have always been very firm alongside the revolution. There is no doubt that we have advanced much in the past 19 years, which we will reach the day after tomorrow.

Santa Clara is a place of history in our fatherland's struggles for independence and in the last struggle for the definitive liberation of the country. Nineteen years ago today the city was involved in the battle and in the struggle of those decisive times when the doors of tyranny were being attacked in this city and when the armored train with more than 300 weapons were captured. The attack on Santa Clara was very bold, very bold because the approximately 300 men--perhaps a few more--that Che had were really a small force to attack the city of Santa Clara. The people were, of course, with him, but they did not have weapons. [applause] If we had not counted on the people, what kind of revolution would we have and how were we going to carry it out? When we began, there were 300. No, No. There were just a few people. But slowly, with the support of the people, our army began to grow.

On 30 December, our army had no more than 3,000 armed men while Batista had 70,000. A good deal had been achieved, and its most adept troops were already encircled and they had no way to escape. The people, of course, were involved in that struggle. It was on 1 January when the people definitively entered the battle. On the 1st. The battle of the people, apart from their contribution and participation in countless heroic episodes, was on 1 January when there was the attempted kidnaping of the revolution, the attempted coup d'etat in the capital and when the call for a general strike was issued, and the people, to a man, joined it from Punta de Maisi to Cabo de San Antonio. That was the decisive day of the people's participation, on 1 January. [applause]

Seventy two hours later, we disarmed the Batista army. How much blood would have been shed if we had had to reach the capital and if we had had to reach the [words indistinct] and take it there fighting? How many casualties? The participation of the masses on 1 January was decisive in the victory, in the consolidation of the victory and in the beginning of the new phase.

Well, back to my subject. Che had come with 300 men, and I say that 300 men were very few to attack this city. In reality, what was decisive was Che's boldness, courage and leadership ability. [applause] It was really a bold action because there were thousands of soldiers here, thousands of soldiers who sometimes fought desperately. We cannot say that Batista's soldiers did not fight. They fought against us desperately. It was very hard to get them to surrender. In the beginning, it was because they were told they were going to be killed, or because of professional pride or other things, or because of hatred. Later, they began to change. They knew that no one was going to kill them. We released hundreds and hundreds of prisoners in the Sierra Maestra. Later, it was thousands. But they resisted with tenacity and a certain desperation, particularly where there were chiefs who were involved in crimes.

The capture of the armored train was decisive because it immediately permitted the revolutionary force to be doubled with the seized weapons. The people were there but without weapons. When 300 weapons are seized, you immediately have 300 more men; and if you seize 30,000, the same will occur. It was 300 weapons, and you cannot imagine what those 300 weapons meant under those conditions. The capture of the armored train [illegible] demoralized the defenders of the city. It must have doubled not only the revolutionary military forces, but also the enthusiasm of the revolutionaries.

Much has been said about this historic episode, but for us the most emotional thing about this date is to compare yesterday with today; To compare that 30 December 19 years ago with this 30 December in an event like this when we are gathered in a great victory of work and when we have so many reasons for feeling satisfied and proud of our advances and our people.

If I still need to say something, well, we are in the midst of the harvest. Now the weather has improved. There are 125 sugar mills already producing. Our sugar estimates have been correct. We have the sugar cane we had estimated. The sugar production is growing. By yesterday, they were 10-20 [as heard], there are sugar mills which are already above 12 [not further identified] in production. The harvest is advancing, but the coming months are decisive. We are going to have a good harvest, and we need this good harvest. We should not lower our guard a single minute. One of the most important tasks at this time is to increase the grinding, the efficiency of the sugar mills and guarantee the harvest--the good harvest that we have planned for this year.

For the rest, I think you are satisfied and happy. Isn't that so? [shouts of yes, applause] This year has been a hard year, but also a year of successes and victories. January the 1st is coming. A new day of the year, a new year of the revolution. It is two things. Always at the end of the year there is a certain atmosphere, a certain joy which fills all of us. The most justified aspect of that joy is not the custom of commemorating it, nor the custom of commemorating the 31st, knowing it is a day off and a day of festivities, but above all it is a joy because we have worked well this year and because we are going to work even better in 1978. [applause]

Greetings, comrades of Las Villas for the new year and for the new anniversary of the revolution. [applause] Fatherland or death, we shall win.

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